SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 29, 2002
OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM________ TO_________

COMMISSION FILE NUMBER 0-31051

SMTC CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	98-0197680
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

635 HOOD ROAD
MARKHAM, ONTARIO, CANADA L3R 4N6
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES) (ZIP CODE)

(905) 479-1810
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

Indicate by check mark whether SMTC Corporation: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes [X] No [ ].

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

As of September 29, 2002, SMTC Corporation had 23,196,443 shares of common stock, par value $0.01 per share, and one share of special voting stock, par value $0.01 per share, outstanding. As of September 29, 2002, SMTC Corporation's subsidiary, SMTC Manufacturing Corporation of Canada, had 5,493,336 exchangeable shares outstanding, each of which is exchangeable into one share of common stock of SMTC Corporation.

SMTC CORPORATION
FORM 10-Q

TABLE OF CONTENTS

<TABLE>
<CAPTION>

	PAGE NO.
<S>	<C>
PART I Financial Information	
Item 1. Financial Statements	3
Consolidated Balance Sheets as of December 31, 2001 and September 29, 2002 (unaudited)	3
Consolidated Statements of Operations for the three and nine months ended September 29, 2002 and September 30, 2001 (unaudited)	4
Consolidated Statement of Changes in Shareholders' Equity for the nine months ended September 29, 2002 (unaudited)	6
Consolidated Statements of Cash Flows for the three and nine months ended September 29, 2002 and September 30, 2001 (unaudited)	7
Notes to Consolidated Financial Statements	9
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	23
Item 3. Quantitative and Qualitative Disclosures about Market Risk	47
Item 4. Controls and Procedures	48

PART II Other Information

Item 5. Other Information 49

Item 6. Exhibits and Reports on Form 8-K 49

Signatures 50

Certifications 51
</TABLE>

SMTC CORPORATION

Consolidated Balance Sheets
(Expressed in thousands of U.S. dollars)

PART I FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

<TABLE>
<CAPTION>

	September 29, 2002	December 31, 2001
	(unaudited)	
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash	$ 658	$ 12,103
Accounts receivable	70,279	81,374
Inventories (note 2)	49,403	80,900
Prepaid expenses	3,315	4,782
Income taxes recoverable	696	997
Deferred income taxes	632	632
	124,983	180,788
Capital assets	52,580	60,416
Goodwill (note 1)	-	55,560
Other assets	11,624	11,538
Deferred income taxes	34,342	33,118
	$ 223,529	$ 341,420
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 57,750	$ 56,487
Accrued liabilities	33,342	36,276
Current portion of long-term debt (note 3)	16,250	12,500
Current portion of capital lease obligations	237	198
	107,579	105,461
Long-term debt (note 3)	73,913	110,297
Capital lease obligations	231	406
Deferred income taxes	595	595
Shareholders' equity:		
Capital stock	68,496	68,496
Loans receivable	(5)	(13)
Additional paid-in-capital	161,007	161,666
Warrants	659	-
Deficit	(188,946)	(105,488)
	41,211	124,661
	$ 223,529	$ 341,420

</TABLE>

See accompanying notes to consolidated financial statements.

SMTC CORPORATION

Consolidated Statements of Operations
(Expressed in thousands of U.S. dollars, except share quantities and per share amounts)

(Unaudited)

<TABLE>
<CAPTION>

	Three months ended		Nine months ended	
	September 29, 2002	September 30, 2001	September 29, 2002	September 30, 2001
		(restated, note 8)		(restated, note 8)
<S>	<C>	<C>	<C>	<C>
Revenue	$ 152,943	$ 125,663	$ 453,441	$ 473,403
Cost of sales (including restructuring and other charges) (note 7)	151,289	145,165	438,034	494,368
Gross profit (loss)	1,654	(19,502)	15,407	(20,965)
Selling, general and administrative expenses	5,812	16,666	19,120	33,997
Amortization	639	2,359	1,695	7,064
Restructuring charges (note 7)	6,533	7,839	6,533	23,398
Operating loss	(11,330)	(46,366)	(11,941)	(85,424)
Interest	1,929	1,900	6,633	7,353
Loss before income taxes, discontinued operations and the cumulative effect of a change in accounting policy	(13,259)	(48,266)	(18,574)	(92,777)
Income tax expense (recovery)	157	(15,548)	(873)	(28,250)
Loss before discontinued operations and the cumulative effect of a change in accounting policy	(13,416)	(32,718)	(17,701)	(64,527)
Loss from discontinued operations (note 8)	-	(1,499)	(10,197)	(3,576)
Cumulative effect of a change in accounting policy (note 1)	-	-	(55,560)	-
Net loss	$ (13,416)	$ (34,217)	$ (83,458)	$ (68,103)

</TABLE>

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations (continued)
(Expressed in thousands of U.S. dollars, except share quantities and per share amounts)

(Unaudited)

<TABLE>
<CAPTION>

	Three months ended		Nine months ended	
	September 29, 2002	September 30, 2001	September 29, 2002	September 30, 2001
		(restated, note 8)		(restated, note 8)
<S>	<C>	<C>	<C>	<C>
Loss per share:				

Basic loss per share before discontinued operations and the cumulative effect of a change in accounting policy	$ (0.47)	$ (1.14)	$ (0.62)	$ (2.26)
Loss from discontinued operations per share	-	(0.05)	(0.36)	(0.12)
Loss from the cumulative effect of a change in accounting policy per share	-	-	(1.93)	-
Basic loss per share	$ (0.47)	$ (1.19)	$ (2.91)	$ (2.38)
Diluted loss per share	$ (0.47)	$ (1.19)	$ (2.91)	$ (2.38)
Weighted average number of common shares used in the calculations of loss per share:				
Basic	28,689,779	28,689,779	28,689,779	28,580,537
Diluted	28,689,779	28,689,779	28,689,779	28,580,537

</TABLE>

See accompanying notes to consolidated financial statements.

SMTC CORPORATION

Consolidated Statement of Changes in Shareholders' Equity
(Expressed in thousands of U.S. dollars)

Nine months ended September 29, 2002
(Unaudited)

<TABLE>
<CAPTION>

<S>	Capital stock <C>	Warrants <C>	Additional paid-in capital <C>	Loans receivable <C>	Deficit <C>	Shareholders' equity <C>
Balance, December 31, 2001	$ 68,496	$ -	$ 161,666	$ (13)	$ (105,488)	$ 124,661
Warrants issued	-	659	(659)	-	-	-
Repayment of loans receivable	-	-	-	8	-	8
Net loss for the period	-	-	-	-	(83,458)	(83,458)
Balance, September 29, 2002	$ 68,496	$ 659	$ 161,007	$ (5)	$ (188,946)	$ 41,211

</TABLE>

See accompanying notes to consolidated financial statements.

SMTC CORPORATION

Consolidated Statement of Cash Flows
(Expressed in thousands of U.S. dollars)

(Unaudited)

<TABLE>
<CAPTION>

	Three months ended		Nine months ended	
<S>	September 29, 2002 <C>	September 30, 2001 <C>	September 29, 2002 <C>	September 30, 2001 <C>
Cash provided by (used in):				
Operations:				
Net loss	$ (13,416)	$ (34,217)	$ (83,458)	$ (68,103)
Items not involving cash:				
Amortization	639	2,359	1,695	7,064

Depreciation	3,047	3,150	9,082	8,946
Deferred income tax benefit	(12)	(9,872)	(1,224)	(24,777)
(Gain) loss on disposition of assets	1	-	(24)	-
Impairment of assets	-	-	56,689	5,023
Change in non-cash operating working capital:				
Accounts receivable	10,705	21,346	11,095	104,489
Inventories	31,842	33,490	31,497	98,914
Prepaid expenses	2,056	1,094	1,467	(842)
Accounts payable, accrued liabilities and income taxes recoverable	(11,165)	(19,613)	(1,370)	(100,777)
	23,697	(2,263)	25,449	29,937
Financing:				
Increase (decrease) in long-term debt	(23,873)	35,643	(32,634)	21,663
Principal payments on capital leases	(31)	(50)	(136)	(303)
Loans to shareholders	-	-	-	(5,236)
Proceeds from issuance of common stock	-	-	-	313
Repayment of loans receivable	8	-	8	14
Debt issuance costs	-	-	(2,031)	-
	(23,896)	35,593	(34,793)	16,451
Investments:				
Purchase of capital assets	(200)	(3,398)	(2,510)	(17,598)
Proceeds from sale of capital assets	58	-	159	-
Purchase of other assets, net	-	(18)	-	(18)
Other	250	(124)	250	(124)
	108	(3,540)	(2,101)	(17,740)
Increase (decrease) in cash	(91)	29,790	(11,445)	28,648
Cash, beginning of period	749	1,556	12,103	2,698
Cash, end of period	$ 658	$ 31,346	$ 658	$ 31,346

</TABLE>

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows (continued)
(Expressed in thousands of U.S. dollars)

(Unaudited)

<TABLE>
<CAPTION>

<S>	Three months ended September 29, 2002 <C>	Three months ended September 30, 2001 <C>	Nine months ended September 29, 2002 <C>	Nine months ended September 30, 2001 <C>
Supplemental disclosures:				
Cash paid during the period:				
Income taxes	$ 344	$ -	$ 1,644	$ 3,502
Interest	-	1,973	4,365	7,217
Non-cash investing activities:				
Cash released from escrow	-	-	-	3,125
Non-cash financing activities:				
Issuance of warrants	-	-	659	-

</TABLE>

Cash and cash equivalents is defined as cash and short-term investments.

See accompanying notes to consolidated financial statements.

1. BASIS OF PRESENTATION:

The Company's accounting principles are in accordance with accounting principles generally accepted in the United States.

The accompanying unaudited consolidated balance sheet as at September 29, 2002, the unaudited consolidated statements of operations for the three and nine month periods ended September 29, 2002 and September 30, 2001, the unaudited consolidated statement of changes in shareholders' equity for the nine month period ended September 29, 2002, and the unaudited consolidated statements of cash flows for the three and nine month periods ended September 29, 2002 and September 30, 2001 have been prepared on substantially the same basis as the annual consolidated financial statements, except as described below. Management believes the consolidated financial statements reflect all adjustments, consisting only of normal recurring accruals, which are, in the opinion of management, necessary for a fair presentation of the Company's financial position, operating results and cash flows for the periods presented. The results of operations for the three and nine month periods ended September 29, 2002 are not necessarily indicative of results to be expected for the entire year. These unaudited interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements and notes thereto for the year ended December 31, 2001.

The unaudited interim consolidated financial statements are based upon accounting principles consistent with those described in the December 31, 2001 audited consolidated financial statements except as follows:

In July 2001, the FASB issued Statement No. 141, "Business Combinations" ("Statement 141"), and Statement No. 142, "Goodwill and Other Intangible Assets" ("Statement 142"). Statement 141 requires that the purchase method of accounting be used for all business combinations. Statement 141 also specifies criteria intangible assets acquired in a purchase method business combination must meet to be recognized and reported apart from goodwill. Statement 142 requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead tested for impairment at least annually in accordance with the provisions of Statement 142. Statement 142 also requires that intangible assets with definite useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with Statement 121. Upon adoption of Statements 141 and 142 in their entirety on January 1, 2002, the Company determined that there are no intangible assets relating to previous acquisitions that need to be reclassified and accounted for apart from goodwill under the provisions of those Statements.

1. BASIS OF PRESENTATION (CONTINUED):

In connection with the transitional goodwill impairment evaluation, Statement 142 requires the Company to perform an assessment of whether there is an indication that goodwill is impaired as of January 1, 2002. To accomplish this, the Company was required to identify its reporting units and determine the carrying value of each reporting unit by assigning the assets and liabilities, including the existing goodwill to those reporting units as of January 1, 2002. The Company has identified its reporting units to be consistent with its business units as defined in note 6, with the exception of the Boston, Massachusetts facility. This facility is not economically similar to the other US facilities and as a result, is a separate reporting unit. In connection with the implementation of new accounting standards, the Company has completed the transitional goodwill impairment test resulting in a goodwill impairment charge of $55,560, which comprises the goodwill in the Canadian, US and Boston reporting units. The fair value of each reporting unit was determined using the discounted cash

flows of the reporting unit. The transitional impairment loss was recognized as the cumulative effect of a change in accounting principle in the Company's statement of operations as at January 1, 2002.

Effective January 1, 2002, the Company had unamortized goodwill of $55,560, which is no longer being amortized and has been written off effective January 1, 2002 as a cumulative effect of a change in accounting policy. This change in accounting policy is not applied retroactively and the amounts presented for prior periods have not been restated for this change. The impact of this change is as follows:

<TABLE>
<CAPTION>

	Three months ended		Nine months ended	
	September 29, 2002	September 30, 2001	September 29, 2002	September 30, 2001
<S>	<C>	<C>	<C>	<C>
Net loss	$ (13,416)	$ (34,217)	$ (83,458)	$ (68,103)
Add back goodwill amortization, net of tax	-	1,692	-	5,076
Net loss before goodwill amortization	$ (13,416)	$ (32,525)	$ (83,458)	$ (63,027)
Basic and diluted loss per share:				
Net loss	$ (0.47)	$ (1.19)	$ (2.91)	$ (2.38)
Net loss before goodwill amortization	$ (0.47)	$ (1.13)	$ (2.91)	$ (2.21)

</TABLE>

1. BASIS OF PRESENTATION (CONTINUED):

In October 2001, the FASB issued Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("Statement 144"), which supersedes both Statement 121 and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions" ("Opinion 30"), for the disposal of a segment of a business (as previously defined in that Opinion). Statement 144 retains the fundamental provisions in Statement 121 for recognizing and measuring impairment losses on long-lived assets held for use and long-lived assets to be disposed of by sale. Statement 144 retains the basic provisions of Opinion 30 on how to present discontinued operations in the income statement but broadens that presentation to include a component of an entity (rather than a segment of a business). The Company adopted Statement 144 for the quarter ending March 31, 2002 and presented the closure of its Cork facility and the related charges as discontinued operations.

In August 2001, the FASB issued Statement No. 143 "Accounting for Asset Retirement Obligations" which requires that the fair value of an asset retirement obligation be recorded as a liability, at fair value, in the period in which the Company incurs the obligation. The Statement is effective for fiscal 2003 and the Company expects no material effect as a result of this Statement.

In April 2002, the FASB issued Statement No. 145, "Recission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections" ("Statement 145"), which provides for the recission of several previously issued accounting standards, new accounting guidance for the accounting for certain lease modifications and various technical corrections that are not substantive in nature to existing pronouncements. In addition, gains and losses from extinguishment of debt will no longer be classified as an extraordinary item. The Statement will be effective for fiscal 2003, with early adoption of the provisions related to the classification of gains and losses on extinguishment of debt encouraged. Upon adoption, enterprises must reclassify prior period items that do not

meet the extraordinary item classification criteria in APB 30. The Company plans to adopt the provisions of Statement 145 in fiscal 2003 and expects no material effect as a result of this Statement except for the reclassification of prior period extraordinary items to ordinary income. In fiscal 1999 and 2000, $1,247 and $2,678 respectively, was booked as an extraordinary loss. These amounts will be reclassified to ordinary income.

1. BASIS OF PRESENTATION (CONTINUED):

In July 2002, the FASB issued Statement No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" ("Statement 146"). Statement 146 addresses financial accounting and reporting for costs associated with exit or disposal activities, and is effective for exit or disposal activities initiated after December 31, 2002 with early application encouraged. Statement 146 nullifies Emerging Issues Task Force Issue No. 94-3 ("EITF 94-3") "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in Restructuring)". The principal difference between Statement 146 and EITF 94-3 relates to the recognition of a liability for a cost associated with an exit or disposal activity. FAS 146 requires that the cost associated with an exit or disposal activity be recognized when the liability is incurred at its fair value, whereas under EITF 94-3 the liability was recognized at the date of an entity's commitment to an exit plan. The Company is currently assessing the impact of this Statement.

2. INVENTORIES:

	September 29, 2002	December 31, 2001
Raw materials	$ 19,498	$ 38,289
Work in process	17,570	24,984
Finished goods	11,069	16,230
Other	1,266	1,397
	$ 49,403	$ 80,900

3. LONG-TERM DEBT:

The Company incurred operating losses, which resulted in its non-compliance with certain financial covenants contained in its credit agreement as at September 30, 2001. On November 19, 2001, the Company and its lending group signed a definitive term sheet for an agreement under which certain terms of the credit facility would be revised and the non-compliance as at September 30, 2001 would be waived. The final amended agreement was signed on February 11, 2002 and is consistent with the terms and conditions in the term sheet. The revised terms establish amended financial and other covenants covering the period up to December 31, 2002, based on the Company's current business plan. During this time period, the facility bears interest at the U.S. base rate plus 2.5%.

3. LONG-TERM DEBT (CONTINUED):

Prior to taking steps to place the subsidiary that operates the Cork facility in voluntary liquidation (note 8), the Company and its lending group executed an amendment to the credit facility to waive the default that

would have been caused by this action and amend the agreement to permit such facility closure.

The Company's activity levels have exceeded the plan that served as the basis for the Company's amended financial covenants. The Company and its lending group agreed in April 2002 to further amend the credit agreement to increase the Company's permitted loan balances to correspond to its higher working capital needs.

The Company was in compliance with the amended financial covenants at September 29, 2002 and accordingly the related debt is classified as long-term debt. Effective January 1, 2003, the Company reverts back to the covenants under the original credit agreement and at that time it is unlikely the Company will have earned sufficient EBITDA (earnings before interest expense, income taxes, depreciation and amortization), using a twelve month trailing formula, to satisfy the requirements of that agreement. In the event of non-compliance, the Company's lenders have the ability to demand repayment of the outstanding amounts under the credit facility. The Company has maintained a positive working relationship with its lending group and has received a proposed term sheet under which the lending group would revise the covenants that apply for the period from December 31, 2002 through June 30, 2004 to correspond to the Company's current business plan.

4. LOSS PER SHARE:

The following table sets forth the calculation of basic and diluted loss per common share:

<TABLE>
<CAPTION>

	Three months ended		Nine months ended	
	September 29, 2002	September 30, 2001	September 29, 2002	September 30, 2001
<S>	<C>	<C>	<C>	<C>
Numerator:				
Net loss before discontinued operations and the cumulative effect of a change In accounting policy	$ (13,416)	$ (32,718)	$ (17,701)	$ (64,527)
Net loss	(13,416)	(34,217)	(83,458)	(68,103)
Denominator:				
Weighted-average shares - basic	28,689,779	28,689,779	28,689,779	28,580,537
Effect of dilutive securities:				
Employee stock options	-	-	-	-
Warrants	-	-	-	-
Weighted-average shares - diluted	28,689,779	28,689,779	28,689,779	28,580,537
Loss per share:				
Basic and diluted, before discontinued operations and the cumulative effect of a change in accounting policy	$ (0.47)	$ (1.14)	$ (0.62)	$ (2.26)
Basic and diluted	$ (0.47)	$ (1.19)	$ (2.91)	$ (2.38)

</TABLE>

Options and warrants to purchase common stock were outstanding during the three and nine month periods ended September 29, 2002 and September 30, 2001 but were not included in the computation of diluted loss per share because their effect would be anti-dilutive on the loss per share for the periods.

5. INCOME TAXES:

The Company's effective tax rate differs from the statutory rate primarily due to losses not tax effected in certain jurisdictions and the effects of the valuation reserve for the loss carry-forwards. In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of its deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. Management considers the scheduled reversal of deferred tax liabilities, change of control limitations, projected future taxable income and tax planning strategies in making this assessment. Based upon consideration of these factors, management believes the recorded valuation allowance related to the loss carryforwards is appropriate. However, in the event that actual results differ from estimates or management adjusts these estimates in future periods, the

Company may need to establish an additional valuation allowance, which could materially impact its financial position and results of operations.

6. SEGMENTED INFORMATION:

The Company derives its revenue from one dominant industry segment, the electronics manufacturing services industry. The Company is operated and managed geographically and has eight facilities in the United States, Canada, Europe and Mexico. The Company monitors the performance of its geographic operating segments based on EBITA (earnings before interest, taxes and amortization) before restructuring charges, discontinued operations and the effect of changes in accounting policies. Discontinued operations in the first quarter of 2002 relates to the Cork, Ireland facility (note 8), which was previously included in the results of the European segment. Intersegment adjustments reflect intersegment sales that are generally recorded at prices that approximate arm's-length transactions. Information about the operating segments is as follows:

	Three months ended September 29, 2002			Nine months ended September 29, 2002		
	Total revenue	Intersegment revenue	Net external revenue	Total revenue	Intersegment revenue	Net external revenue
United States	$ 126,831	$ (2,047)	$ 124,784	$ 392,731	$ (15,361)	$ 377,370
Canada	30,184	(3,289)	26,895	78,584	(9,236)	69,348
Europe	1,090	-	1,090	4,050	(501)	3,549
Mexico	53,582	(53,408)	174	148,056	(144,882)	3,174
	$ 211,687	$ (58,744)	$ 152,943	$ 623,421	$ (169,980)	$ 453,411

EBITA (before discontinued operations, restructuring charges and the cumulative effect of a change in accounting policy):

	Three months	Nine months
United States	$ 2,744	$ 332
Canada	(579)	(59)
Europe	925	519

Mexico	(962)	1,781
	2,128	2,573
Interest	1,929	6,633
Amortization	639	1,695
Restructuring charges	12,819	12,819
Loss before income taxes, discontinued operations and the cumulative effect of a change in accounting policy	$ (13,259)	$ (18,574)
Capital expenditures:		
United States	$ 9	$ 1,419
Canada	135	678
Europe	-	26
Mexico	56	387
	$ 200	$ 2,510

</TABLE>

SMTC CORPORATION

Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of U.S. dollars, except share quantities and per share amounts)

Three and nine months ended September 29, 2002 and September 30, 2001
(Unaudited)

6. SEGMENTED INFORMATION (CONTINUED):

<TABLE>
<CAPTION>

	Three months ended September 30, 2001			Nine months ended September 30, 2001		
	Total revenue	Intersegment revenue	Net external revenue	Total revenue	Intersegment revenue	Net external revenue
<S>	<C>	<C>	<C>	<C>	<C>	<C>
United States	$ 113,415	$ (1,831)	$ 111,584	$ 427,307	$ (40,245)	$ 387,062
Canada	8,596	(931)	7,665	51,276	(2,451)	48,825
Europe	4,353	(288)	4,065	14,299	(1,239)	13,060
Mexico	36,526	(34,177)	2,349	85,114	(60,658)	24,456
	$ 162,890	$ (37,227)	$ 125,663	$ 577,996	$ (104,593)	$ 473,403

<CAPTION>

EBITA (before discontinued operations and restructuring charges):		
<S>	<C>	<C>
United States	$ (18,711)	$ (17,024)
Canada	(4,226)	(4,014)
Europe	634	1,950
Mexico	(6,703)	(12,768)
	(29,006)	(31,856
Interest	1,900	7,353
Amortization	2,359	7,064
Restructuring charges	15,001	46,504
Loss before income taxes and discontinued operations	$ (48,266)	$ (92,777)
Capital expenditures:		
United States	$ 1,915	$ 10,136
Canada	8	1,573
Europe	303	546
Mexico	1,172	5,343
	$ 3,398	$ 17,598

</TABLE>

Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of U.S. dollars, except share quantities and per share amounts)

Three and nine months ended September 29, 2002 and September 30, 2001
(Unaudited)

6. SEGMENTED INFORMATION (CONTINUED):

The following enterprise-wide information is provided. Geographic revenue information reflects the destination of the product shipped. Long-lived assets information is based on the principal location of the asset.

<TABLE>
<CAPTION>

	Three months ended		Nine months ended	
	September 29, 2002	September 30, 2001	September 29, 2002	September 30, 2001
Geographic revenue:				
United States	$ 115,135	$ 102,579	$ 349,752	$ 403,216
Canada	8,421	5,522	28,922	29,266
Europe	14,994	10,382	40,253	28,012
Asia	10,087	6,823	24,197	12,446
Mexico	4,306	357	10,317	463
	$ 152,943	$ 125,663	$ 453,411	$ 473,403

<CAPTION>

	September 29, 2002	December 31, 2001
Long-lived assets:		
United States	$ 29,257	$ 73,269
Canada	4,726	21,832
Europe	434	1,998
Mexico	18,163	18,877
	$ 52,580	$ 115,976

</TABLE>

Notes to Consolidated Financial Statements (continued)
(Expressed in thousands of U.S. dollars, except share quantities and per share amounts)

Three and nine months ended September 29, 2002 and September 30, 2001
(Unaudited)

7. RESTRUCTURING AND OTHER CHARGES:

The following table details the components of the restructuring and other charges:

<TABLE>
<CAPTION>

	Three months ended		Nine months ended	
	September 29, 2002	September 30, 2001	September 29, 2002	September 30, 2001
Inventory write-downs included in cost of sales	$ 6,286	$ 7,162	$ 6,286	$ 23,106

Lease and other contract obligations	5,790	3,400	5,790	8,578
Reversal of previously recorded lease and other contract obligations	(393)	-	(393)	-
Severance	1,136	1,313	1,136	3,644
Asset impairment	-	-	-	5,023
Other facility exit costs	-	3,126	-	6,153
	6,533	7,839	6,533	23,398
	12,819	15,001	12,819	46,504
Other charges included in cost of sales	900	12,651	900	12,651
Other charges included in selling general and administrative expenses	-	8,155	-	8,155
	$ 13,719	$ 35,807	$ 13,719	$ 67,310

</TABLE>

2001:

During fiscal year 2001, in response to excess capacity caused by the slowing technology end market, the Company commenced a restructuring program aimed at reducing its cost structure. Accordingly, the Company recorded restructuring and other charges for the three and nine months ended September 30, 2001 of $35,807 and $67,310, respectively, consisting of the costs associated with exiting or re-sizing facilities.

The following table details the related amounts included in accrued liabilities as at September 29, 2002:

<TABLE>
<CAPTION>

<S>	<C> Accrual at June 30, 2002	<C> Cash payments	<C> Adjustments	<C> Accrual at September 29, 2002
Lease and other contract obligations	$ 3,897	(1,627)	(393)	$ 1,877
Severance	90	(90)	-	-
Other facility exit costs	621	(107)	-	514
	$ 4,608	(1,824)	$ (393)	$ 2,391

</TABLE>

7. RESTRUCTURING AND OTHER CHARGES (CONTINUED):

The reversal of previously recorded lease and other contract obligations represents the excess accrual due to the Company negotiating a final settlement on a facility lease.

2002:

In response to the continuing industry economic downturn, the Company is taking further steps to realign its cost structure and plant capacity and announced third quarter restructuring charges of $12,819 related to the cost of exiting equipment leases and a facility lease, severance costs and inventory exposures and other charges of $900 related to the costs associated with the disengagement of a customer coupled with the effects of the continued downturn in the technology sector.

The write-down of inventory represents further costs associated with the closure of the assembly facility in Denver. Lease and other contract obligations represent the costs of exiting equipment leases at various locations and a facility lease. The severance costs related to 317 plant and operational employees, largely at our Mexican facility. The major components of the current restructuring are estimated to be complete by

the end of the fiscal year.

Other charges, included in cost of sales, relate to inventory charges resulting from the disengagement with a customer, coupled with the effects of the continued downturn in the technology sector.

The Company anticipates fourth quarter 2002 restructuring charges of between $11,000 and $21,000.

The following table details the related amounts included in accrued liabilities as at September 29, 2002:

	2002 Cash charges	Cash payments	Accrual at September 29, 2002
Lease and other contract obligations	$ 5,790	$ (232)	$ 5,558
Severance	1,136	(1,082)	54
	$ 6,926	$ (1,314)	$ 5,612

8. DISCONTINUED OPERATIONS:

In February, 2002 the main customer of the Cork, Ireland facility was placed into administration as part of a financial restructuring. As a result, on March 19, 2002, the Company announced that it was closing the Cork, Ireland facility and that it was taking steps to place the subsidiary that operates that facility in voluntary administration. During the first quarter of 2002, the Company recorded a charge of $9,717 related to the closure of the facility. The Company placed the subsidiary in voluntary administration by the end of the first quarter.

The following amounts are included in the loss from discontinued operations:

	Three months ended		Nine months ended	
	September 29, 2002	September 30, 2001	September 29, 2002	September 30, 2001
Revenue	$ -	$ 1,258	$ 5,035	$ 6,308

	Three months ended		Nine months ended	
	September 29, 2002	September 30, 2001	September 29, 2002	September 30, 2001
Loss from discontinued operations:				
Operating loss before restructuring and other charges	$ -	$ 1,282	$ 480	$ 3,164
Restructuring charges	-	100	-	295
Other charges	-	117	-	117
Cost of closing the facility	-	-	9,717	-
Loss from discontinued operations	$ -	$ 1,499	$ 10,197	$ 3,576

Included in the cost of closing the facility of $9,717 are the write-off of the net assets of $6,717 (comprised of capital assets of $1,129 and net working capital of $5,588) and other costs associated with exiting the facility of $3,000. Included in the other costs is severance of $1,350 related to the termination of all employees.

8. DISCONTINUED OPERATIONS (CONTINUED):

The following table details the related amounts included in accrued liabilities as at September 29, 2002:

	Accrual at June 30, 2002	Cash payments	Accrual at September 29, 2002
Lease and other contract obligations	$ 323	-	$ 323
Severance	295	-	295
Other facility exit costs	1,206	(1,138)	68
	$ 1,824	(1,138)	$ 686

9. COMPARATIVE FIGURES:

Certain 2001 comparative figures have been restated to separately disclose the results of discontinued operations of the Cork, Ireland facility.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

SELECTED CONSOLIDATED FINANCIAL DATA

The consolidated financial statements and our selected consolidated financial data have been prepared in accordance with United States GAAP.

Consolidated Statement of Operations Data:
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

(Unaudited)

<TABLE>
<CAPTION>

	Three months ended		Nine months ended	
	September 29, 2002	September 30, 2001	September 29, 2002	September 30, 2001
<S>	<C>	<C>	<C>	<C>
Revenue	$ 152.9	$ 125.7	$ 453.4	$ 473.4
Cost of sales (including restructuring charges of $6.3 for the three and nine months ended September 29, 2002 and $7.2 million and $23.1 million for the three and nine months ended September 30, 2001)(a)	151.3	145.2	438.1	494.3
Gross profit (loss)	1.6	(19.5)	15.3	(20.9)
Selling, general and administrative expenses	5.8	16.6	19.1	34.0
Amortization	0.6	2.4	1.6	7.1
Restructuring charges (a)	6.5	7.8	6.5	23.4
Operating loss	(11.3)	(46.3)	(11.9)	(85.4)
Interest	1.9	1.9	6.6	7.3
Loss before income taxes, discontinued				

operations and the cumulative effect of a change in accounting policy	(13.2)	(48.2)	(18.5)	(92.7)
Income tax expense (recovery)	0.2	(15.5)	(0.8)	(28.2)
Loss before discontinued operations and the cumulative effect of a change in accounting policy	(13.4)	(32.7)	(17.7)	(64.5)
Loss from discontinued operations (b)	-	(1.5)	(10.2)	(3.6)
Cumulative effect in a change in accounting policy (c)	-	-	(55.6)	-
Net loss	$ (13.4)	$ (34.2)	$ (83.5)	$ (68.1)
Net loss per common share:				
Basic before discontinued operations and the cumulative effect of a change in accounting policy	$ (0.47)	$ (1.14)	$ (0.62)	$ (2.26)
Loss from discontinued operations	-	(0.05)	(0.36)	(0.12)
Cumulative effect of a change in accounting policy	-	-	(1.93)	-
Basic	$ (0.47)	$ (1.19)	$ (2.91)	$ (2.38)
Diluted	$ (0.47)	$ (1.19)	$ (2.91)	$ (2.38)
Weighted average number of shares outstanding:				
Basic	28.7	28.7	28.7	28.6
Diluted	28.7	28.7	28.7	28.6

</TABLE>

Consolidated Statement of Operations Data (continued):
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

(a) During fiscal year 2001, in response to excess capacity caused by the slowing technology end market, the Company commenced a restructuring program aimed at reducing its cost structure. Accordingly, the Company recorded restructuring charges of $15.0 million and $46.5 million for the three and nine months ended September 30, 2001 consisting of the costs associated with exiting or re-sizing facilities. In response to the continuing industry economic downturn, the Company is taking further steps to realign its cost structure and plant capacity and announced third quarter 2002 restructuring charges of $12.8 million related to the cost of exiting equipment and facility leases, severance costs and inventory exposures. Refer to note 7 to our consolidated financial statements. The Company anticipates fourth quarter 2002 restructuring charges of between $11.0 million and $21.0 million.

(b) In February, 2002 the main customer of the Cork, Ireland facility was placed into administration as part of a financial restructuring. As a result, on March 19, 2002, the Company announced that it was closing the Cork, Ireland facility and that it was taking steps to place the subsidiary that operates that facility in voluntary administration. Refer to note 8 to our consolidated financial statements.

(c) The Company has completed the transitional goodwill impairment test resulting in a goodwill impairment charge of $55.6 million. Refer to note 1 to our consolidated financial statements.

Consolidated Adjusted Net Earnings (Loss):
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

(Unaudited)

<TABLE>
<CAPTION>

	Three months ended		Six months ended	
	September 29, 2002	September 30, 2001	September 29, 2002	September 30, 2001
<S>	<C>	<C>	<C>	<C>
Net loss	$ (13.4)	$ (34.2)	$ (83.5)	$ (68.1)
Adjustments:				
Discontinued operations	-	1.5	10.2	3.6
Amortization of goodwill	-	2.1	-	6.3
Restructuring and other charges	13.7	35.8	69.3	67.3
Income tax effect	-	(11.4)	-	(21.3)

Adjusted net earnings (loss)	$ 0.3	$ (6.2)	$ (4.0)	$ (12.2)
Adjusted net loss per common share:				
Basic	$ 0.01	$ (0.22)	$ (0.14)	$ (0.43)
Diluted	$ 0.01	$ (0.22)	$ (0.14)	$ (0.43)
Weighted average number of shares outstanding:				
Basic	28.7	28.7	28.7	28.6
Diluted	28.7	28.7	28.7	28.6

</TABLE>

The Company has provided information on adjusted net earnings to supplement its GAAP financial information. Adjusted net earnings do not have any standardized meaning prescribed by GAAP and are not necessarily comparable to similar measures presented by other issuers. The Company believes that adjusted net earnings is a meaningful measure of operating performance due to the history of acquisitions and recent restructurings. Adjusted net earnings exclude the effects of discontinued operations, amortization of intangible assets and goodwill, restructuring and other charges (most significantly the write-down of goodwill, the cost associated with closing facilities, inventory and accounts receivable exposures and severance costs) and the income tax effects of the foregoing. Adjusted net earnings are not a measure of operating performance or profitability under U.S. GAAP or Canadian GAAP and should not be considered in isolation or as a substitute for net earnings prepared in accordance with U.S. GAAP or Canadian GAAP.

CONSOLIDATED BALANCE SHEET DATA:
(in millions)

<TABLE>
<CAPTION>

<S>	September 29, 2002 (Unaudited) <C>	December 31, 2001 <C>
Cash	$ 0.7	$ 12.1
Working capital	17.4	75.3
Total assets	223.5	341.4
Total debt, including current maturities	90.2	122.8
Shareholders' equity	41.2	124.7

</TABLE>

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

We provide advanced electronics manufacturing services, or EMS, to electronics industry original equipment manufacturers, or OEMs, primarily in the networking, industrial and communications market segments. We service our customers through eight manufacturing and technology centers strategically located in key technology corridors in the United States, Canada, Europe and the cost-effective location of Mexico. Our full range of value-added supply chain services include product design, procurement, prototyping, cable and harness interconnect, high precision enclosures, printed circuit board assembly, test, final system build, comprehensive supply chain management, packaging, global distribution and after-sales support.

We have customer relationships with industry leading OEMs such as IBM and Alcatel. We developed these relationships by capitalizing on the continuing trend of OEMs to outsource manufacturing services to consolidate their supply base and to form long-term strategic partnerships with selected high quality EMS providers. We work closely with our customers and are highly responsive to them throughout the design, manufacturing and distribution process, providing services that allow them to focus on their core competencies of sales, marketing and research and development. We seek to grow our business through the addition of new, high quality customers and the expansion of our relationships with existing customers.

During fiscal year 2001, in response to excess capacity caused by the slowing technology end market, we commenced a restructuring program aimed at reducing our cost structure. Actions taken by management to improve capacity utilization included closing our Denver, Colorado assembly facility and our

Haverhill, Massachusetts interconnect facility, re-sizing our Mexico and Ireland facilities and addressing our excess equipment. Accordingly, we recorded restructuring charges of $67.6 million pre-tax (consisting of a write-down of goodwill and other intangible assets and the costs associated with exiting or re-sizing facilities) and other charges of $27.3 million pre-tax (consisting of accounts receivable, inventory and asset impairment charges).

In response to the continuing industry economic downturn, the Company took further steps to realign its cost structure and plant capacity. In February, 2002 the main customer of our Cork, Ireland facility was placed into administration as part of a financial restructuring. As a result, on March 19, 2002, we announced that we were closing our Cork, Ireland facility and that we were taking steps to place the subsidiary that operates that facility in voluntary administration. During the first quarter of 2002, we recorded a charge of $9.7 million related to the closure of the facility. Prior to taking steps to place the subsidiary that operates the Cork facility in voluntary liquidation, we and our lending group executed an amendment to our credit facility to waive the default that would have been caused by this action and amend the agreement to permit such facility closure. In addition, the Company announced third quarter 2002 restructuring charges of $12.8 million related to the cost of exiting equipment leases and a facility lease, severance costs and inventory exposures and other charges of $0.9 million related to inventory charges resulting from the disengagement with a customer, coupled with the effects of the continued downturn in the technology sector.

The Company anticipates fourth quarter 2002 restructuring charges of between $11 million and $21 million.

As a result of restructuring actions and market conditions we incurred a significant operating loss during 2001, which resulted in our non-compliance with certain financial covenants contained in our credit agreement as at September 30, 2001. On November 19, 2001, we and our lending group signed a definitive term sheet for an agreement under which certain terms of the current credit facility would be revised and the non-compliance as at September 30, 2001 would be waived. In February 2002, we and our lending group executed an amendment to our credit facility, substantially consistent with the term sheet, to waive the September 30, 2001 defaults and to revise the covenant tests to be consistent with both current revenues and the forecast for 2002.

The Company's activity levels have exceeded the plan that served as the basis for the Company's amended financial covenants. The Company and its lending group agreed in April 2002 to further amend the credit agreement to increase the Company's permitted loan balances to correspond to its higher working capital needs. The Company was in compliance with the amended financial covenants at September 29, 2002. Effective January 1, 2003, the Company reverts back to the covenants under the original credit agreement and at that time it is unlikely the Company will have earned sufficient EBITDA (earnings before interest expense, income taxes,

depreciation and amortization), using a twelve month trailing formula, to satisfy the requirements of that agreement. The Company has maintained a positive working relationship with its lending group and has received a proposed term sheet under which the lending group would revise the covenants that apply for the period from December 31, 2002 through June 30, 2004 to correspond to the Company's current business plan. There can be no assurance that the Company and its lenders will agree to revise the Company's credit agreement covenants. (See Liquidity and Capital Resources).

CORPORATE HISTORY

SMTC Corporation is the result of the July 1999 combination of the former SMTC Corporation, or Surface Mount, and HTM Holdings, Inc., or HTM. Surface Mount was established in Toronto, Ontario in 1985. HTM was established in Denver, Colorado in 1990. SMTC was established in Delaware in 1998. After the combination, we purchased Zenith Electronics' facility in Chihuahua, Mexico, which expanded our cost-effective manufacturing capabilities in an important geographic region. In September 1999, we established a manufacturing presence in the Northeastern United States and expanded our value-added services to include high precision enclosure capabilities by acquiring Boston, Massachusetts based W.F. Wood. In July 2000, we acquired Pensar Corporation, an EMS company specializing in design engineering and headquartered in Appleton, Wisconsin. In November 2000, we acquired Qualtron Teoranta, a provider of specialized cable and harness interconnect assemblies, based in Donegal, Ireland and with a subsidiary in Haverhill, Massachusetts.

On July 27, 2000, we consummated an initial public offering of 6,625,000 shares of our common stock and 4,375,000 exchangeable shares of our subsidiary SMTC Manufacturing Corporation of Canada, or SMTC Canada. Each exchangeable share of SMTC Canada is exchangeable at the option of the holder at any time into one share of our common stock, subject to compliance with applicable

securities laws.

On August 18, 2000, we sold an additional 1,650,000 shares of common stock upon exercise of the underwriters' over-allotment option.

RESULTS OF OPERATIONS

We currently provide turnkey manufacturing services to the majority of our customers. Turnkey manufacturing services typically result in higher revenue and higher gross profits but lower gross profit margins when compared to consignment services.

Our contractual arrangements with our key customers generally provide a framework for our overall relationship with our customer. Revenue is recognized upon shipment to the customer as performance has occurred, all customer specified acceptance criteria have been tested and met, and the earnings process is considered complete. Actual production volumes are based on purchase orders for the delivery of products. These orders typically do not commit to firm production schedules for more than 30 to 90 days in advance. In order to minimize inventory risk, we generally order materials and components only to the extent necessary to satisfy existing customer forecasts or purchase orders. Fluctuations in material costs are typically passed through to customers. We may agree, upon request from our customers, to temporarily delay shipments, which caused a corresponding delay in our revenue recognition.

Our fiscal year end is December 31. The consolidated financial statements of SMTC, are prepared in accordance with United States GAAP.

The following table sets forth certain operating data expressed as a percentage of revenue for the periods ended:

(Unaudited)

<TABLE>
<CAPTION>

	Three months ended		Nine months ended	
	September 29, 2002	September 30, 2001	September 29, 2002	September 30, 2001
<S>	<C>	<C>	<C>	<C>
Revenue	100.0%	100.0%	100.0%	100.0%
Cost of sales (including restructuring charges of $6.3 for the three and nine months ended September 29, 2002 and $7.2 million and $23.1 million for the three and nine months ended September 30, 2001)	99.0	115.5	96.6	104.4
Gross profit (loss)	1.0	(15.5)	3.4	(4.4)
Selling, general and administrative expenses	3.8	13.2	4.2	7.2
Amortization	0.4	1.9	0.4	1.5
Restructuring charges	4.2	6.2	1.4	4.9
Operating loss	(7.4)	(36.8)	(2.6)	(18.0)
Interest	1.2	1.5	1.5	1.6
Loss before income taxes, discontinued operations and the cumulative effect of a change in accounting policy	(8.6)	(38.3)	(4.1)	(19.6)
Income tax expense (recovery)	0.2	(12.3)	(0.2)	(6.0)
Loss before discontinued operations and the cumulative effect of a change in accounting policy	(8.8)	(26.0)	(3.9)	(13.6)
Loss from discontinued operations	-	(1.2)	(2.2)	(0.8)
Cumulativ effect of a change in accounting policy	-	-	(12.3)	-
Net loss	(8.8)%	(27.2)%	(18.4)%	(14.4)%

</TABLE>

QUARTER ENDED SEPTEMBER 29, 2002 COMPARED TO THE QUARTER ENDED SEPTEMBER 30, 2001

Revenue

Revenue increased $27.2 million, or 21.6%, from $125.7 million in the third quarter of 2001 to $152.9 million in the third quarter of 2002 due primarily to the acceleration of shipments to Dell coupled with the effects of the new program wins with existing and new customers. During the third quarter of 2002, we recorded approximately $8.4 million of sales of raw materials inventory to customers, which carried no margin, compared to $7.0 million of such sales for the same period in 2001.

Revenue from Dell of $32.6 million, IBM of $29.1 million and Alcatel of $17.2 million for the third quarter of 2002 was 21.3%, 19.0% and 11.2%, respectively, of total revenue for the period. Revenue from Dell of $12.9 million, IBM of $25.9 million and Alcatel of $18.4 million for the third quarter of 2001 was 10.3%, 20.6% and 14.6%, respectively, of total revenue for the period. No other customers represented more than 10% of revenue in either period.

During the second quarter of 2002, the Company informed Dell of its intention to terminate its supply agreement with Dell, and to end production over the third quarter. The Company's decision was taken after a review of the Company's return on capital requirements indicated that the customer's programs were not generating sufficient returns and, at the same time, were utilizing a disproportionate amount of working capital.

The Company expects lower revenues in the fourth quarter of 2002, as the Company completes its exit of Dell, which is expected to be offset by reduced expenses and reduced working capital requirements.

In the third quarter of 2002, 59.9% of our revenue was generated from operations in the United States, 25.3% from Mexico, 14.3% from Canada and 0.5% from Europe. In the third quarter of 2001, 69.6% of our revenue was generated from operations in the United States, 22.4% from Mexico, 5.3% from Canada, and 2.7% from Europe. We expect to continue to increase the portion of revenue attributable to our Chihuahua facility, with the transfer of certain production from other facilities and with the addition of new business and increased volume from our current business.

Gross Profit

Gross profit increased $21.1 million from a loss of $19.5 million for the third quarter of 2001 to $1.6 million, or 1.0% of revenue, for the third quarter of 2002. Gross profit for the third quarter of 2001 includes restructuring charges of $7.2 million related to a write-down of inventory in connection with the closure of our Denver facility and $12.6 million of other inventory related charges. Gross profit for the third quarter of 2002 includes restructuring charges of $6.3 million related to related to an additional write-down of inventory in connection with the closure of our Denver facility and other inventory related charges of $0.9 million resulting from the costs associated with the disengagement of a customer, coupled with the effects of the continued downturn in the technology sector.

Gross profit, excluding restructuring and other charges, increased $8.5 million from $0.3 million or 0.2% for the third quarter of 2001 to $8.8 million or 5.8% for the third quarter of 2002. The improvement in the gross profit, excluding restructuring and other charges, is due to a reduction in both fixed and variable manufacturing expenses, including fixed operating lease expenses and variable labor costs . The improvement in gross margin, excluding restructuring and other charges, is due to improved utilization of the fixed manufacturing expenses and lower labor costs as a percentage of revenue, due to the continued focus on expense management.

The Company writes down estimated obsolete or excess inventory for the difference between the cost of inventory and estimated market value based on customer forecasts and the ability to sell back inventory to customers or suppliers. If actual market conditions or our customers' product demands are less favorable than those projected, additional provisions may be required.

Selling, General & Administrative Expenses

Selling, general and administrative expenses decreased $10.8 million from $16.6 million for the third quarter of 2001 to $5.8 million for the third quarter of 2002. Selling, general and administrative expenses for the third quarter of 2001 include $8.2 million related to accounts receivable exposures recorded in response to the decline in the technology markets. Excluding the charges related to accounts receivable, selling general and administrative expenses decreased $2.6 million from $8.4 million or 6.7% of revenue for the third quarter of 2001 to $5.8 million or 3.8% of revenue for the third quarter of 2002 due to our continued focus on reducing selling, general and administrative expenses.

Amortization

Amortization of intangible assets of $0.6 million for the third quarter of 2002 included the amortization of $0.5 million of deferred finance costs related to the establishment of our senior credit facility in July 2000 and subsequent amendments, and $0.1 million of deferred equipment lease costs. The costs associated with our amended and restated senior credit facility are being amortized over the remaining term of the debt.

Amortization of intangible assets of $2.4 million for the third quarter of 2001 included the amortization of $0.6 million of goodwill related to the combination of Surface Mount and HTM, $0.4 million of goodwill related to the acquisition of W.F. Wood, $0.7 million related to the acquisition of Pensar and $0.4 million related to the acquisition of Qualtron. Amortization of intangible assets for the third quarter of 2001 also included the amortization of $0.2 million of deferred finance costs related to the establishment of our senior credit facility in July 2000 and subsequent amendments, and $0.1 million of deferred equipment lease costs.

Recent accounting pronouncements have changed the way we account for goodwill by requiring us to no longer amortize goodwill. (See Recent Accounting Pronouncements).

Restructuring Charges

During fiscal year 2001, in response to excess capacity caused by the slowing technology end market, the Company commenced a restructuring program aimed at reducing its cost structure. Accordingly, the Company recorded restructuring charges of $15.0 million and other charges of $20.8 million during the third quarter of 2001, consisting of the costs associated with exiting or re-sizing facilities.

During the third quarter of 2002, in response to the continuing industry economic downturn, the Company took further steps to realign its cost structure and plant capacity. Accordingly, the Company recorded third quarter 2002 restructuring charges of $12.8 million related to the cost of exiting equipment leases and a facility lease, severance costs and inventory exposures and other inventory charges of $0.9 million resulting from the costs associated with the disengagement of a customer, coupled with the effects of the continued downturn in the technology sector.

The following table details the components of the restructuring charge recorded:

<TABLE>
<CAPTION>

(in millions)	Three months ended September 29, 2002	Three months ended September 30, 2001
<S>	<C>	<C>
Inventory write-downs included in cost of sales	$ 6.3	$ 7.2
Lease and other contract obligations	5.8	3.4
Reversal of previously recorded lease and other contract obligations	(0.4)	-
Severance	1.1	1.3
Other facility exit costs	-	3.1
	$ 6.5	$ 7.8
	12.8	15.0
Other charges included in cost of sales	0.9	12.6
Other charges included in selling, general and administrative expenses	-	8.2
	$ 13.7	$ 35.8

</TABLE>

2001 restructuring and other charges:

The write-down of inventory of $7.2 million is associated with the closure of the assembly facility in Denver. Lease and other contract obligations of $3.4 million include the costs of exiting equipment and facility leases at various locations. Severance costs of $1.3 million are associated with closure of our Haverhill interconnect facility and the re-sizing of the Mexico and Ireland facilities. Other facility exit costs of $3.1 million include personnel costs

and other fees directly related to exit activities at the Denver and Haverhill locations.

Other charges included in cost of sales of $12.6 million related to inventory exposures at various facilities. Other charges included in selling, general and administrative expenses include $8.2 million related to accounts receivable exposures at various facilities, other than the Denver and Haverhill facilities.

2002 restructuring and other charges:

The write-down of inventory of $6.3 million represents further costs associated with the closure of the assembly facility in Denver. Lease and other contract obligations of $5.8 million represents the costs of exiting equipment leases at various locations and a facility lease. The reversal of previously recorded lease and other contract obligations of $0.4 million represents the excess accrual due to the Company negotiating a final settlement on a facility lease. The severance costs of $1.1 million related to 317 plant and operational

employees, largely at our Mexican facility. The major components of the current restructuring are estimated to be complete by the end of the fiscal year.

Other charges, included in cost of sales of $0.9 million, relate to inventory charges resulting from the costs associated with the disengagement of a customer, coupled with the effects of the continued downturn in the technology sector.

The Company anticipates fourth quarter 2002 restructuring charges of between $11.0 million and $21.0 million.

The restructuring charges are based on certain estimates and assumptions using the best available information at the time and are subject to change.

Interest Expense

Interest expense remained unchanged at $1.9 million for the third quarter of 2001 and 2002. Lower average debt outstanding during the third quarter of 2002 was offset by higher interest rates. The weighted average interest rates with respect to the debt for the third quarter of 2001 and 2002 were 6.7% and 7.4%, respectively.

Income Tax Expense

For the third quarter of 2002, an income tax expense of $0.2 million was recorded on a pre-tax loss before discontinued operations and the cumulative effect of a change in accounting policy of $13.2 million, as losses in certain jurisdictions were not tax effected due to the uncertainty of our ability to utilize such losses and the effects of the valuation reserve for the loss carryforwards. In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of its deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. Management considers the scheduled reversal of deferred tax liabilities, change of control limitations, projected future taxable income and tax planning strategies in making this assessment. Based upon consideration of these factors, management believes the recorded valuation allowance related to the loss carryforwards is appropriate. However, in the event that actual results differ from estimates or management adjusts these estimates in future periods, the Company may need to establish an additional valuation allowance, which could materially impact its financial position and results of operations.

For the third quarter of 2001, an income tax recovery of $15.5 million on a pre-tax loss before discontinued operations of $48.2 million, resulted in an effective tax rate of 32.2% as losses in certain jurisdictions were not tax effected due to the uncertainty of our ability to utilize such losses.

Discontinued Operations

In February, 2002 the main customer of our Cork, Ireland facility was placed into administration as part of a financial restructuring. As a result, on March 19, 2002, we announced that we were closing our Cork, Ireland facility and that we were taking steps to place the subsidiary that operates that facility in voluntary administration. During the first quarter of 2002, we recorded a charge of $9.7 million related to the closure of the facility. The Company placed the subsidiary in voluntary administration by the end of the first quarter. Facility exit costs of $1.1 million were paid out during the third quarter of 2002.

Included in the loss from discontinued operations for the three months ended September 30, 2001 is revenue of $1.3 million.

NINE MONTHS ENDED SEPTEMBER 29, 2002 COMPARED TO THE NINE MONTHS ENDED SEPTEMBER 30, 2001

Revenue

Revenue decreased $20.0 million, or 4.2%, from $473.4 million for the nine months ended September 30, 2001 to $453.4 million for the nine months ended September 29, 2002. The decrease in revenue is due

primarily to the effects of the general decline in the technology market. During the first nine months of 2002, we recorded approximately $26.4 million of sales of raw materials inventory to customers, which carried no margin, compared to $29.0 million of such sales for the same period in 2001.

Revenue from IBM of $91.6 million, Dell of $84.9 million and Alcatel of $53.1 million for the first nine months of 2002 was 20.2%, 18.7% and 11.7%, respectively, of total revenue for the period. Revenue from IBM of $78.5 million, Dell of $51.3 million and Alcatel of $51.0 million for the first nine months of 2001 was 16.6%, 10.9% and 10.8%, respectively, of total revenue for the period. No other customers represented more than 10% of revenue in either period. During the second quarter of 2002, the Company informed Dell of its intention to terminate its supply agreement with Dell, and to end production over the next quarter. The Company's decision was taken after a review of the Company's return on capital requirements indicated that the customer's programs were not generating sufficient returns and, at the same time, were utilizing a disproportionate amount of working capital. The Company expects lower revenues in the fourth quarter of 2002, as the Company completes its exit with Dell, which is expected to be offset by reduced expense levels and reduced working capital usage.

In the first nine months of 2002, 63.0% of our revenue was generated from operations in the United States, 23.7% from Mexico, 12.6% from Canada and 0.7% from Europe. In the first nine months of 2001, 73.9% of our revenue was generated from operations in the United States, 14.7% from Mexico, 8.9% from Canada, and 2.5% from Europe. We expect to continue to increase the portion of revenue attributable to our Chihuahua facility, with the transfer of certain production from other facilities and with the addition of new business and increased volume from our current business.

Gross Profit

Gross profit increased $36.2 million from a loss of $20.9 million for the nine months ended September 30, 2001 to $15.3 million, or 3.4% of revenue, for the nine months ended September 29, 2002. Gross profit for the first three quarters of 2001 includes restructuring charges of $23.1 million related to a write-down of inventory in connection with the closure of our Denver facility and other inventory related charges of $12.6 million recorded during the third quarter of 2001 in response to the decline in the technology markets. Gross profit for the first three quarters of 2002 includes restructuring charges of $6.3 million related to related to an additional write-down of inventory in connection with the closure of our Denver facility and other inventory related charges of $0.9 million resulting from the costs associated with the disengagement of a customer, coupled with the effects of the continued downturn in the technology sector.

Gross profit, excluding restructuring and other charges, increased $7.7 million from $14.8 million or 3.1% for the first three quarters of 2001 to $22.5 million or 5.0% for the first three quarters of 2002. The improvement in the gross profit, excluding restructuring and other charges, is due to a reduction in both the fixed and variable manufacturing expenses, including fixed operating lease expenses and variable labor costs . The improvement in gross margin, excluding restructuring and other charges is due to improved utilization of the fixed manufacturing expenses and lower labour costs as a percentage of revenue, due to the continued focus on expense management.

The Company writes down estimated obsolete or excess inventory for the difference between the cost of inventory and estimated market value based on customer forecasts and the ability to sell back inventory to customers or suppliers. If actual market conditions or our customers' product demands are less favorable than those projected, additional provisions may be required.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased $14.9 million from $34.0 million for the nine months ended September 30, 2001 to $19.1 million for the nine months ended September 29, 2002. Selling, general and administrative expenses for the third quarter of 2001 include $8.2 million related to accounts receivable exposures recorded in response to the decline in the technology markets. Excluding the charges related to accounts receivable, selling general

and administrative expenses decreased $6.7 million from $25.8 million or 5.4% of revenue for the nine months ended September 30, 2001 to $19.1 million or 4.2% of revenue for the nine months ended September 29, 2002 due to the closure of our Denver and Haverhill facilities during 2001 and our continued focus on reducing selling, general and administrative expenses.

Amortization

Amortization of intangible assets of $1.6 million for the first nine months of 2002 included the amortization of $1.4 million of deferred finance costs related to the establishment of our senior credit facility in July 2000 and subsequent amendments, and $0.2 million of deferred equipment lease costs. The costs associated with our amended and restated senior credit facility are being amortized over the remaining term of the debt.

Amortization of intangible assets of $7.1 million for the first nine months of 2001 included the amortization of $1.8 million of goodwill related to the combination of Surface Mount and HTM, $1.2 million of goodwill related to the acquisition of W.F. Wood, $2.1 million related to the acquisition of Pensar and $1.2 million related to the acquisition of Qualtron. Amortization of intangible assets for the first nine months of 2001 also included the amortization of $0.5 million of deferred finance costs related to the establishment of our senior credit facility in July 2000 and subsequent amendments, and $0.3 million of deferred equipment lease costs.

Recent accounting pronouncements have changed the way we account for goodwill by requiring us to no longer amortize goodwill. (See Recent Accounting Pronouncements).

Restructuring Charges

During fiscal year 2001, in response to excess capacity caused by the slowing technology end market, the Company commenced a restructuring program aimed at reducing its cost structure. Accordingly, the Company recorded restructuring charges of $46.5 million and other charges of $20.8 million during the first nine months of 2001, consisting of the costs associated with exiting or re-sizing facilities.

During the third quarter of 2002, in response to the continuing industry economic downturn, the Company took further steps to realign its cost structure and plant capacity. Accordingly, the Company recorded third quarter 2002 restructuring charges of $12.8 million related to the cost of exiting equipment leases and a facility lease, severance costs and inventory exposures and other inventory charges of $0.9 million resulting from the costs associated with the disengagement of a customer, coupled with the effects of the continued downturn in the technology sector.

The following table details the components of the restructuring charge recorded in the first nine months of 2001:

<TABLE>
<CAPTION>

(in millions)	Nine months ended September 29, 2002	September 30, 2001
<S>	<C>	<C>
Inventory write-downs included in cost of sales	$ 6.3	$ 23.1
Lease and other contract obligations	5.8	8.6
Reversal of previously recorded lease and other contract obligations	(0.4)	-
Severance	1.1	3.6
Asset impairment	-	5.0
Other facility exit costs	-	6.2
	$ 6.5	$ 23.4
	12.8	46.5
Other charges included in cost of sales	0.9	12.6
Other charges included in selling, general and administrative expenses	-	8.2
	$ 13.7	$ 67.3

</TABLE>

2001 restructuring and other charges:

The write-down of inventory of $23.1 million is associated with the closure of the assembly facility in Denver. Lease and other contract obligations of $8.6 million include the costs of exiting equipment and facility leases at various locations. Severance costs of $3.6 million are associated with the closure of our Denver assembly facility and Haverhill interconnect facility and the re-sizing of the Mexico and Ireland facilities. Asset impairment charges of $5.0 million reflect the write-down of certain long-lived assets, primarily at the Denver location, that became impaired as a result of the rationalization of facilities. The asset impairment was determined based on undiscounted projected future net cash flows relating to the assets resulting in a write-down to estimated salvage values. Other facility exit costs of $6.2 million include personnel costs and other fees directly related to exit activities at the Denver and Haverhill locations.

Other charges included in cost of sales of $12.6 million related to inventory exposures at various facilities. Other charges included in selling, general and administrative expenses include $8.2 million related to accounts receivable exposures at various facilities, other than the Denver and Haverhill facilities.

2002 restructuring and other charges:

The write-down of inventory of $6.3 million represents further costs associated with the closure of the assembly facility in Denver. Lease and other contract obligations of $5.8 million represents the costs of exiting equipment leases at various locations and a facility lease. The reversal of previously recorded lease and other contract obligations of $0.4 million represents the excess accrual due to the Company negotiating a final settlement on a facility lease. The severance costs of $1.1 million related to 317 plant and operational employees, largely at our Mexican facility. The major components of the current restructuring are estimated to be complete by the end of the fiscal year.

Other charges, included in cost of sales of $0.9 million, relate to inventory charges resulting from the costs associated with the disengagement of a customer, coupled with the effects of the continued downturn in the technology sector.

The Company anticipates fourth quarter 2002 restructuring charges of between $11.0 million and $21.0 million.

The restructuring charges are based on certain estimates and assumptions using the best available information at the time and are subject to change.

Interest Expense

Interest expense decreased $0.7 million from $7.3 million for the nine months ended September 30, 2001 to $6.6 million for the nine months ended September 29, 2002 due to lower average debt outstanding during the first three quarters of 2002 combined with lower interest rates. The weighted average interest rates with respect to the debt for the first nine months of 2001 and 2002 were 8.3% and 7.2%, respectively.

Income Tax Expense

For the nine months ended September 29, 2002, an income tax recovery of $0.8 million was recorded on a pre-tax loss before discontinued operations and the cumulative effect of a change in accounting policy of $18.5 million, as losses in certain jurisdictions were not tax effected due to the uncertainty of our ability to utilize such losses and the effects of the valuation reserve for the loss carryforwards. In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of its deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. Management considers the scheduled reversal of deferred tax liabilities, change of control limitations, projected future taxable income and tax planning strategies in making this assessment. Based upon consideration of these factors, management believes the recorded valuation allowance related to the loss carryforwards is appropriate. However, in the event that actual results differ from estimates or management adjusts these estimates in future periods, the Company may need to establish an additional valuation allowance, which could materially impact its financial position and results of operations.

For the nine months ended September 30, 2001, an income tax recovery of $28.2 million on a pre-tax loss before discontinued operations of $92.7 million, resulted in an effective tax rate of 28.5% as losses in certain jurisdictions were not tax effected due to the uncertainty of our ability to utilize such

losses. We also are unable to deduct $2.0 million of goodwill amortization.

Discontinued Operations

In February, 2002 the main customer of our Cork, Ireland facility was placed into administration as part of a financial restructuring. As a result, on March 19, 2002, we announced that we were closing our Cork, Ireland facility and that we were taking steps to place the subsidiary that operates that facility in voluntary administration. During the first quarter of 2002, we recorded a charge of $9.7 million related to the closure of the facility. The Company placed the subsidiary in voluntary administration by the end of the first quarter.

The following amounts are included in the loss from discontinued operations:

<TABLE>
<CAPTION>

	Nine months ended	
	September 29, 2002	September 30, 2001
(in millions)		
<S>	<C>	<C>
Revenue	$ 5.0	$ 6.3
Loss from discontinued operations:		
Operating loss before restructuring charges	$ 0.5	$ 3.2
Restructuring charges	-	0.3
Other charges	-	0.1
Cost of closing the facility	9.7	-
Loss from discontinued operations	$ 10.2	$ 3.6

</TABLE>

Included in the cost of closing the facility of $9.7 million are the write-off of the net assets of $6.7 million (comprised of capital assets of $1.1 million and net working capital of $5.6 million) and other costs associated with exiting the facility of $3.0 million. Included in the other costs is severance of $1.3 million related to the termination of all employees. Facility exit costs of $1.1 million were paid out during the third quarter of 2002.

LIQUIDITY AND CAPITAL RESOURCES

Our principal sources of liquidity are cash provided from operations and borrowings under our senior credit facility. In the past, we have also relied on our access to the capital markets. Our principal uses of cash have been to finance mergers and acquisitions, to meet debt service requirements and to finance capital expenditures and working capital requirements. We anticipate our principal uses of cash in the future will be to meet debt service requirements and to finance capital expenditures and working capital requirements.

During the second quarter of 2002, the Company informed Dell of its intention to terminate its supply agreement with Dell, and to end production over the next quarter. The Company's decision was taken after a review of the Company's return on capital requirements indicated that the customer's programs were not generating sufficient returns and, at the same time, were utilizing a disproportionate amount of working capital. The Company expects lower revenues in the fourth quarter of 2002, as the Company exits Dell, which is expected to be offset by reduced expense levels and reduced working capital usage.

Nine months ended September 29, 2002 Liquidity:

Net cash provided by operating activities for the first nine months of 2002 was $25.4 million. Our net cash cycle improved from 63 days for the third quarter of 2001 and 33 days for the second quarter of 2002 to 15 days for the third quarter of 2002. Accounts receivable days sales outstanding improved from 65 days in the third quarter of 2001 to 46 days in the second quarter of 2002 to 42 days in the third quarter of 2002.

Net cash used in financing activities for the nine months ended September 29, 2002 was $34.8 million due to the repayment of long-term debt of $32.7 million, the repayment of capital leases of $0.1 million and the costs associated with the amendment to our credit agreement of $2.0 million.

Net cash used in investing activities for the nine months ended September 29, 2002 was $2.1 million due to the purchase of capital assets of $2.5 million, offset by proceeds from the sale of capital assets of $0.2 million and other assets of $0.2 million.

Nine months ended September 30, 2001 Liquidity:

Net cash generated from operating activities for the nine months ended September 30, 2001 was $29.9 million.

Net cash generated in financing activities for the nine months ended September 30, 2001 was $16.5 million due to the increase in long-term debt of $21.7 million and proceeds from the issuance of common stock on the exercise of options of $0.3 million, offset by the repayment of capital leases of $0.3 million and the funding of loans to shareholders of $5.2 million.

Net cash used in investing activities for the nine months ended September 30, 2001 was $17.7 million due to the purchase of capital and other assets.

Capital Resources

As a result of restructuring actions and market conditions we incurred a significant operating loss during 2001, which resulted in our non-compliance with certain financial covenants contained in our credit agreement as at September 30, 2001. On November 19, 2001, we and our lending group signed a definitive term sheet for an agreement under which certain terms of the credit facility would be revised and the non-compliance as at September 30, 2001 would be waived. In February 2002, we and our lending group executed an amendment to our credit facility, substantially consistent with the term sheet, to waive the September 30, 2001 defaults and to revise the covenant tests to be consistent with both current revenues and the forecast for 2002.

The amended financial covenants included in the revised credit facility include monthly and quarterly minimum cumulative consolidated EBITDA (earnings before interest, taxes, depreciation and amortization) targets, a maximum daily and monthly revolving credit loan balance based on accounts receivable and inventory levels and maximum quarterly capital expenditures. The Company's activity levels have exceeded the plan that served as the basis for these amended financial covenants. Accordingly, the Company and its lending group agreed in April 2002 to further amend the credit agreement to increase the Company's permitted loan balances to correspond to its higher working capital needs. The Company was in compliance with the amended financial covenants at December 31, 2001, and for each of the nine months ended September 29, 2002. Continued compliance with the financial covenants is dependent on the Company achieving its forecasts inherent in its business plan. The Company believes the forecasts are based on reasonable assumptions and are achievable, however, the forecasts are dependent on a number of factors, some of which are outside the control of the Company. These include, but are not limited to, general economic conditions and specifically the strength of the electronics industry and the related demand for products and services by the Company's customers.

Effective January 1, 2003, the Company reverts back to the financial covenants under the original credit agreement and at that time it is unlikely the Company will have earned sufficient EBITDA (earnings before interest expense, income taxes, depreciation and amortization), using a twelve month trailing formula, to satisfy the requirements of the agreement. In the event of non-compliance, the Company's lenders have the ability to demand repayment of the outstanding amounts under the credit facility. The Company has maintained a positive working relationship with its lending group and has received a proposed term sheet under which the lending group would revise the covenants that apply for the period from December 31, 2002 through June 30, 2004 to correspond to the Company's current business plan. There can be no assurance that the Company and its lenders will agree to revise the Company's credit agreement covenants.

During the amendment period, the facility bears interest at the U.S. base rate as defined in the credit agreement plus 2.5%. As at September 29, 2002, we had borrowed $90.2 million under this facility.

In connection with the February amendment, the Company agreed to issue to the lenders warrants to purchase common stock of the Company at an exercise price equal to the fair market value (defined as average of the last reported sales price of the common stock of the company for twenty consecutive trading days commencing 22 trading days before the date in question) at the date of the grant for 1.5% of the total outstanding shares on February 11, 2002 and 0.5% of the total outstanding shares on December 31, 2002. If an event of default occurs during the period from the effective amendment date to December 31, 2002, and has been continuing for more than 30 days, the lenders will receive warrants to purchase an additional 1% of the total outstanding shares at an exercise price equal to the fair market value (as defined above) at the date of grant. In connection with the April 30, 2002 amendment, the Company agreed to accelerate the grant date of the 0.5%

warrants that were to be issued on December 31, 2002 to April 30, 2002. If all amounts outstanding under the credit agreement are repaid in full on or before March 31, 2003, the 1% warrants (if issued) shall be returned to the Company. The warrants will not be tradable separate from the related debt until the later of December 31, 2002 or nine months after the issuance of the warrants being transferred. After the debt under the credit agreement has been paid in full, the Company may repurchase the warrants or warrant shares at a price that values the warrant shares at three times the exercise price.

The Company also paid amendment fees of $1.5 million comprised of $0.7 million representing 0.5% of the lender's commitments under the revolving credit facilities and term loans outstanding at February 11, 2002 and other amendment related fees of $0.8 million. The Company may be required to pay default fees if it violates certain covenants after the effective date of the February 2002 amendment. The amendment fees and the fair value of the warrants in connection with amending the agreement have been accounted for as deferred financing fees.

In March 2002, we and our lenders executed an amendment to our credit facility to waive the default that would have been caused by placing the subsidiary that operates the Cork, Ireland facility in voluntary liquidation. We paid $0.1 million in amendment fees in connection with such amendment.

In connection with the April 30, 2002 amendment, we paid approximately $0.1 million in amendment fees.

Our management believes that cash generated from operations, available cash and amounts available under our senior credit facility will be adequate to meet our debt service requirements, capital expenditures and working capital needs at our current level of operations and organic growth through the next twelve months, although no assurance can be given in this regard, particularly with respect to amounts available under our credit facility, as discussed above. These sources of cash will continue to be adequate after the end of the year only if we are able to successfully negotiate an amendment to the credit agreement that will adjust covenant levels to our current business plan. The Company has maintained a positive working relationship with its lending group and has received a proposed term sheet under which the lending group would revise the covenants that apply for the period from December 31, 2002 through June 30, 2004 to correspond to the Company's current business plan. There can be no assurance that the Company and its lenders will agree to revise the Company's credit agreement covenants. Further, there can be no assurance that our business will generate sufficient cash flow from operations or that future borrowings will be available to enable us to service our indebtedness. Our future operating performance and ability to service or refinance indebtedness will be subject to future economic conditions and to financial, business and other factors, certain of which are beyond our control.

RECENTLY ISSUED ACCOUNTING STANDARDS

In July 2001, the FASB issued Statement No. 141, "Business Combinations" ("Statement 141"), and Statement No. 142, "Goodwill and Other Intangible Assets" ("Statement 142"). Statement 141 requires that the purchase method of accounting be used for all business combinations. Statement 141 also specifies criteria intangible assets acquired in a purchase method business combination must meet to be recognized and reported apart from goodwill. Statement 142 requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead tested for impairment at least annually in accordance with the provisions of Statement 142. Statement 142 also requires that intangible assets with definite useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with Statement 121. Upon adoption of Statements 141 and 142 in their entirety on January 1, 2002, the Company determined that there are no intangible assets relating to previous acquisitions that need to be reclassified and accounted for apart from goodwill under the provisions of those Statements.

In connection with the transitional goodwill impairment evaluation, Statement 142 requires the Company to perform an assessment of whether there is an indication that goodwill is impaired as of January 1, 2002. To accomplish this, the Company was required to identify its reporting units and determine the carrying value of each reporting unit by assigning the assets and liabilities, including the existing goodwill to those reporting units as of January 1, 2002. The Company has identified its reporting units to be consistent with its business units as defined in note 6, with the exception of the Boston, Massachusetts facility. This facility is not economically similar to the other US facilities and as a result, is a separate reporting unit. In connection with the implementation of new accounting standards, the Company has completed the transitional goodwill impairment test resulting in a goodwill impairment charge of $55.6 million, which comprises the goodwill in the

Canadian, US and Boston reporting units. The fair value of each reporting unit was determined using the discounted cash flows of the reporting unit. The transitional impairment loss was recognized as the cumulative effect of a change in accounting principle in the Company's statement of operations as at January 1, 2002.

Effective January 1, 2002, the Company had unamortized goodwill of $55.6 million, which is no longer being amortized. This change in accounting policy is not applied retroactively and the amounts presented for prior periods have not been restated for this change. The impact of this change is as follows:

<TABLE>
<CAPTION>

	Three months ended		Nine months ended	
(in millions, except per share amounts)	Sept 29, 2002	Sept 30, 2001	Sept 29, 2002	Sept 30, 2001
<S>	<C>	<C>	<C>	<C>
Net loss	$ (13.4)	$ (34.2)	$ (83.5)	$ (68.1)
Add back goodwill amortization, net of tax	-	1.7	-	5.1
Net loss before goodwill amortization	$ (13.4)	$ (32.5)	$ (83.5)	$ (63.0)
Basic and diluted loss per share:				
Net loss	$ (0.47)	$ (1.19)	$ (2.91)	$ (2.38)
Net loss before goodwill amortization	$ (0.47)	$ (1.13)	$ (2.91)	$ (2.21)

</TABLE>

In October 2001, the FASB issued Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("Statement 144"), which supersedes both Statement 121 and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions" ("Opinion 30"), for the disposal of a segment of a business (as previously defined in that Opinion). Statement 144 retains the fundamental provisions in Statement 121 for recognizing and measuring impairment losses on long-lived assets held for use and long-lived assets to be disposed of by sale. Statement 144 retains the basic provisions of Opinion 30 on how to present discontinued operations in the income statement but broadens that presentation to include a component of an entity (rather than a segment of a business). The Company adopted Statement 144 for the quarter ending March 31, 2002 and presented the closure of its Cork facility and the related charges as discontinued operations.

In August 2001, the FASB issued Statement No. 143 "Accounting for Asset Retirement Obligations" which requires that the fair value of an asset retirement obligation be recorded as a liability, at fair value, in the period in which the Company incurs the obligation. The Statement is effective for fiscal 2003 and the Company expects no material effect as a result of this Statement.

In April 2002, the FASB issued Statement No. 145, "Recission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections" ("Statement 145"), which provides for the recission of several previously issued accounting standards, new accounting guidance for the accounting for certain lease modifications and various technical corrections that are not substantive in nature to existing pronouncements. In addition, gains and losses from extinguishment of debt will not longer be classified as an extraordinary item. The Statement will be effective for fiscal 2003, with early adoption of the provisions related to the classification of gains and losses on extinguishment of debt encouraged. Upon adoption, enterprises must reclassify prior period items that do not meet the extraordinary item classification criteria in APB 30. The Company plans to adopt the provisions of Statement 145 in fiscal 2003 and expects no material effect as a result of this Statement except for the reclassification of prior period extraordinary items to ordinary income. In fiscal 1999 and 2000, $1,247 and 2,678 respectively, was booked as an extraordinary loss. These amounts will be reclassified to ordinary income.

In July 2002, the FASB issued Statement No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" ("Statement 146"). Statement 146 addresses financial accounting and reporting for costs associated with exit or disposal activities, and is effective for exit or disposal activities initiated after December 31, 2002 with early application encouraged. Statement 146 nullifies Emerging Issues Task Force Issue No. 94-3 ("EITF 94-3") "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in Restructuring)". The principal difference between Statement 146

and EITF 94-3 relates to the recognition of a liability for a cost associated
with an exit or disposal activity. FAS 146 requires that the cost associated
with an exit or disposal activity be recognized when the liability is incurred,
whereas under EITF 94-3 the liability was recognized at the date of an entity's
commitment to an exit plan. The Company is currently assessing the impact of
this Statement.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with generally accepted
accounting principles requires management to make estimates and assumptions that
affect the reported amounts of assets and liabilities and disclosures of
contingent assets and liabilities at the date of the financial statements and
the reported amounts of revenue and expenses during the reporting period. Actual
results could differ from those estimates.

Note 2 to the Consolidated Financial Statements in our Annual Report on Form
10-K for the fiscal year ended December 31, 2001 describes the significant
accounting policies and methods used in the preparation of our consolidated
financial statements. The following critical accounting policies are impacted
significantly by judgments, assumptions and estimates used in the preparation of
financial statements. We believe the following critical accounting policies
affect our more significant judgments and estimates used in the preparation of
our consolidated financial statements.

Allowance for Doubtful Accounts

The Company determines the allowance for doubtful accounts for estimated credit
losses based on the financial condition of its customers, concentration of
credit risk, historical experience, industry conditions and the age of past due
receivables. Unanticipated changes in the liquidity or financial position of our
customers may require additional provisions for doubtful accounts.

Inventory Valuation

Inventories are valued on a first-in, first-out basis at the lower of cost and
replacement cost for raw materials and at the lower of cost and net realizable
value for work in progress and finished goods. Inventories include an
application of relevant overhead. Our industry is characterized by rapid
technological change, short-term customer commitments and rapid changes in
demand. The Company writes down estimated obsolete or excess inventory for the
difference between the cost of inventory and estimated market value based on
customer forecasts and the ability to sell back inventory to customers or
suppliers. If actual market conditions or our customers' product demands are
less favorable than those projected, additional provisions may be required.

Restructuring and Other Charges

In response to excess capacity caused by the slowing technology end market, the
Company recorded restructuring and other charges aimed at reducing its cost
structure. In connection with exit activities, the Company recorded charges for
inventory write-downs, employee termination costs, lease and other contractual
obligations, long-lived asset impairment and other exit-related costs. These
charges were incurred pursuant to formal plans developed by management. The
recognition of restructuring and other charges required the Company to make
certain judgments and estimates regarding the nature, timing and amount of costs
associated with the planned exit activities. The estimates of future liabilities
may change, requiring the recording of additional charges or the reduction of
liabilities already recorded. At the end of each reporting period, the Company
evaluates the remaining accrued balances to ensure that no excess accruals are
retained and the utilization of the provision are for their intended purposed in
accordance with the developed exit plans.

Long-lived Assets

The Company reviews property and equipment for impairment whenever events or
circumstances indicate that the carrying amount of an asset may not be
recoverable. Recoverability of property and equipment is measured by comparing
the carrying amount of the assets to the projected discounted cash flows the
assets are expected to generate. If such assets are considered to be impaired,
the impairment to be recognized is measured by the amount by which the carrying
amount of the asset exceeds its fair market value.

In accordance with Statement of Accounting Standards ("SFAS") No. 142, "Goodwill
and Other Intangible Assets", we evaluate goodwill for impairment, on at least
an annual basis and whenever events or circumstances

indicate that the carrying amount may not be recoverable from its estimate future cash flows. Recoverability of goodwill is measured at the reporting unit level by comparing the reporting unit's carrying amount, including goodwill, to the fair value of the reporting unit, based on projected discounted future cash flows. The Company must make estimates in the calculation of projected discounted future cash flows including estimates of future economic and business conditions, changes in technology and customer orders. If the carrying amount of the reporting unit exceeds its fair value, goodwill is considered impaired and a second test is performed to measure the amount of impairment loss, if any. Adverse changes in the technology end market, customer demand and other market conditions has resulted in the impairmant of goodwill.

Tax asset

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of its deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. Management considers the scheduled reversal of deferred tax liabilities, change of control limitations, projected future taxable income and tax planning strategies in making this assessment. Based upon consideration of these factors, management believes the recorded valuation allowance related to the loss carryforwards is appropriate. However, in the event that actual results differ from estimates or management adjusts these estimates in future periods, the Company may need to establish an additional valuation allowance, which could materially impact its financial position and results of operations.

FORWARD-LOOKING STATEMENTS

A number of the matters and subject areas discussed in this Form 10-Q are forward-looking in nature. The discussion of such matters and subject areas is qualified by the inherent risks and uncertainties surrounding future expectations generally; these expectations may differ materially from SMTC's actual future experience involving any one or more of such matters and subject areas. SMTC cautions readers that all statements other than statements of historical facts included in this quarterly Form 10-Q regarding SMTC's financial position and business strategy may constitute forward-looking statements. All of these forward-looking statements are based upon estimates and assumptions made by SMTC's management, which although believed to be reasonable, are inherently uncertain. Therefore, undue reliance should not be placed on such estimates and statements. No assurance can be given that any of such estimates or statements will be realized, and it is likely that actual results will differ materially from those contemplated by such forward-looking statements. Factors that may cause such differences include: (1) increased competition; (2) increased costs; (3) the inability to implement our business plan and maintain covenant compliance under our credit agreement; (4) the loss or retirement of key members of management; (5) increases in SMTC's cost of borrowings or lack of availability of debt or equity capital on terms considered reasonable by management; (6) adverse state, federal or foreign legislation or regulation or adverse determinations by regulators; (7) changes in general economic conditions in the markets in which SMTC may compete and fluctuations in demand in the electronics industry; (8) the inability to manage inventory levels efficiently in light of changes in market conditions; and (9) the inability to sustain historical margins as the industry develops. SMTC has attempted to identify certain of the factors that it currently believes may cause actual future experiences to differ from SMTC's current expectations regarding the relevant matter or subject area. In addition to the items specifically discussed in the foregoing, SMTC's business and results of operations are subject to the risks and uncertainties described under the heading "Factors That May Affect Future Results" below. The operations and results of SMTC's business may also be subject to the effect of other risks and uncertainties. Such risks and uncertainties include, but are not limited to, items described from time to time in SMTC's reports filed with the Securities and Exchange Commission.

FACTORS THAT MAY AFFECT FUTURE RESULTS

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

We are exposed to general economic conditions, which could have a material adverse impact on our business, operating results and financial condition.

As a result of recent unfavorable economic conditions and reduced capital spending, our sales have declined from 2001 to 2002. In particular, sales to OEMs in the telecommunications and networking industries

worldwide were impacted during 2001 and the first half of 2002. If economic conditions worsen, we may experience a material adverse impact on our business, operating results and financial condition.

A majority of our revenue comes from a small number of customers; if we lose any

of our largest customers, our revenue could decline significantly.

Our three largest customers during the third quarter of 2002 were Dell, IBM and Alcatel, which represented approximately 21.3%, 19.0% and 11.2%, respectively, of our total revenue for that period. Our top ten largest customers (including Dell, IBM and Alcatel) collectively represented approximately 81.5% of our total revenue during the third quarter of 2002. During the second quarter of 2002, the Company informed Dell of its intention to terminate its supply agreement with them, and to end production with Dell over the next quarter. The Company expects lower revenues in the fourth quarter of 2002, as the Company completes its exit with Dell. The Company's decision was taken after a review of the Company's return on capital requirements indicated that the customer's programs were not generating sufficient returns and, at the same time, were utilizing a disproportionate amount of working capital. We expect to continue to depend upon a relatively small number of customers for a significant percentage of our revenue. In addition to having a limited number of customers, we manufacture a limited number of products for each of our customers. If we lose any of our largest customers or any product line manufactured for one of our largest customers, we could experience a significant reduction in our revenue. Also, the insolvency of one or more of our largest customers or the inability of one or more of our largest customers to pay for its orders could decrease revenue. As many of our costs and operating expenses are relatively fixed, a reduction in net revenue can decrease our profit margins and adversely affect our business, financial condition and results of operations.

Our industry is very competitive and we may not be successful if we fail to compete effectively.

The electronics manufacturing services (EMS) industry is highly competitive. We compete against numerous domestic and foreign EMS providers including Celestica Inc., Flextronics International Ltd., Jabil Circuit, Inc., Sanmina-SCI Corp. and Solectron Corporation. In addition, we may in the future encounter competition from other large electronics manufacturers that are selling, or may begin to sell, electronics manufacturing services. Many of our competitors have international operations, and some may have substantially greater manufacturing, financial research and development and marketing resources and lower cost structures than we do. We also face competition from the manufacturing operations of current and potential customers, which are continually evaluating the merits of manufacturing products internally versus the advantages of using external manufacturers.

We may experience variability in our operating results, which could negatively impact the price of our shares.

Our annual and quarterly results have fluctuated in the past. The reasons for these fluctuations may similarly affect us in the future. Historically, our calendar fourth quarter revenue has been highest and our calendar first quarter revenue has been lowest. We expect revenues in the fourth quarter of 2002 to be affected by the termination of our relationship with Dell. Prospective investors should not rely on results of operations in any past period to indicate what our results will be for any future period. Our operating results may fluctuate in the future as a result of many factors, including:

- variations in the timing and volume of customer orders relative to our manufacturing capacity;
- variations in the timing of shipments of products to customers;
- introduction and market acceptance of our customers' new products;
- changes in demand for our customers' existing products;
- the accuracy of our customers' forecasts of future production requirements;
- effectiveness in managing our manufacturing processes and inventory levels;

- changes in competitive and economic conditions generally or in our customers' markets;
- changes in the cost or availability of components or skilled labor; and
- the timing of, and the price we pay for, acquisitions and related integration costs.

In addition, most of our customers typically do not commit to firm production schedules more than 30 to 90 days in advance. Accordingly, we cannot

forecast the level of customer orders with certainty. During 2001 and 2002, many customers have placed orders on short notice for delivery in the last month of each fiscal quarter. This makes it difficult to schedule production and maximize utilization of our manufacturing capacity. In the past, we have been required to increase staffing, purchase materials and incur other expenses to meet the anticipated demand of our customers. Sometimes anticipated orders from certain customers have failed to materialize, and sometimes delivery schedules have been deferred as a result of changes in a customer's business needs. Any material delay, cancellation or reduction of orders from our largest customers could cause our revenue to decline significantly. In addition, as many of our costs and operating expenses are relatively fixed, a reduction in customer demand can decrease our gross margins and adversely affect our business, financial condition and results of operations. On other occasions, customers have required rapid and unexpected increases in production, which have placed burdens on our manufacturing capacity.

Any of these factors or a combination of these factors could have a material adverse effect on our business, financial condition and results of operations.

We are dependent upon the electronics industry, which produces technologically advanced products with short life cycles.

Substantially all of our customers are in the electronics industry, which is characterized by intense competition, short product life-cycles and significant fluctuations in product demand. In addition, the electronics industry is generally subject to rapid technological change and product obsolescence. If our customers are unable to create products that keep pace with the changing technological environment, their products could become obsolete and the demand for our services could significantly decline. Our success is largely dependent on the success achieved by our customers in developing and marketing their products. Furthermore, this industry is subject to economic cycles and is experiencing a significant downturn. A continued recession or downturn in the electronics industry would likely have a material adverse effect on our business, financial condition and results of operations.

Shortage or price fluctuation in component parts specified by our customers could delay product shipment and affect our profitability.

A substantial portion of our revenue is derived from "turnkey" manufacturing. In turnkey manufacturing, we provide both the materials and the manufacturing services. If we fail to manage our inventory effectively, we may bear the risk of fluctuations in materials costs, scrap and excess inventory, all of which can have a material adverse effect on our business, financial condition and results of operations. We are required to forecast our future inventory needs based upon the anticipated demands of our customers. Inaccuracies in making these forecasts or estimates could result in a shortage or an excess of materials. In addition, delays, cancellations or reductions of orders by our customers could result in an excess of materials. A shortage of materials could lengthen production schedules and increase costs. An excess of materials may increase the costs of maintaining inventory and may increase the risk of inventory obsolescence, both of which may increase expenses and decrease profit margins and operating income.

Many of the products we manufacture require one or more components that we order from sole-source suppliers. Supply shortages for a particular component can delay productions of all products using that component or cause cost increases in the services we provide. In addition, in the past, some of the materials we use, such as memory and logic devices, have been subject to industry-wide shortages. As a result, suppliers have been forced to allocate available quantities among their customers and we have not been able to obtain all of the materials desired. Our inability to obtain these needed materials could slow production or assembly, delay shipments to our customers, increase costs and reduce operating income. Also, we may bear the risk of periodic component price increases. Accordingly, some component price increases could increase costs and reduce operating income. Also we rely on a variety of common carriers for materials transportation, and we

route materials through various world ports. A work stoppage, strike or shutdown of a major port or airport could result in manufacturing and shipping delays or expediting charges, which could have a material adverse effect on our business, financial condition and results of operations.

We have experienced significant growth and significant retrenchment in a short period of time.

Since 1995, we have completed seven acquisitions. Acquisitions may involve numerous risks, including difficulty in integrating operations, technologies, systems, and products and services of acquired companies; diversion of management's attention and disruption of operations; increased expenses and

working capital requirements; entering markets in which we have limited or no prior experience and where competitors in such markets have stronger market positions; and the potential loss of key employees and customers of acquired companies. In addition, acquisitions may involve financial risks, such as the potential liabilities of the acquired businesses, the dilutive effect of the issuance of additional equity securities, the incurrence of additional debt, the financial impact of transaction expenses and the amortization of intangible assets involved in any transactions that are accounted for using the purchase method of accounting, and possible adverse tax and accounting effects.

In 2001 we implemented a restructuring plan that called for significant retrenchment. We closed our Denver and Haverhill facilities and resized operations in Mexico and Ireland in an effort to reduce our cost structure. In February, 2002 the main customer of our Cork, Ireland facility was placed into administration as part of a financial restructuring. As a result, on March 19, 2002, we announced that we were closing our Cork, Ireland facility and that we were taking steps to place the subsidiary that operates that facility in voluntary administration. During the third quarter of 2002, the Company took further steps to realign its cost structure and plant capacity. Retrenchment has caused, and is expected to continue to cause, strain on our infrastructure, including our managerial, technical and other resources. We may experience inefficiencies as we integrate operations from closed facilities to currently operating facilities and may experience delays in meeting the needs of transferred customers. In addition, we are reducing the geographic dispersion of our operations, which may make it harder for us to compete and may cause us to lose customers. The loss of customers could have a material adverse effect on our business, financial condition and results of operations.

We have a limited history of owning and operating our acquired businesses on a consolidated basis. There can be no assurance that we will be able to meet performance expectations or successfully integrate our acquired businesses on a timely basis without disrupting the quality and reliability of service to our customers or diverting management resources. Our rapid growth and subsequent retrenchment has placed and will continue to place a significant strain on management, on our financial resources, and on our information, operating and financial systems. If we are unable to manage effectively, it may have a material adverse effect on our business, financial condition and results of operations.

If we are unable to respond to rapidly changing technology and process development, we may not be able to compete effectively.

The market for our products and services is characterized by rapidly changing technology and continuing process development. The future success of our business will depend in large part upon our ability to maintain and enhance our technological capabilities, to develop and market products and services that meet changing customer needs, and to successfully anticipate or respond to technological changes on a cost-effective and timely basis. In addition, the EMS industry could in the future encounter competition from new or revised technologies that render existing technology less competitive or obsolete or that reduce the demand for our services. There can be no assurance that we will effectively respond to the technological requirements of the changing market. To the extent we determine that new technologies and equipment are required to remain competitive, the development, acquisition and implementation of such technologies and equipment may require us to make significant capital investments. There can be no assurance that capital will be available for these purposes in the future or that investments in new technologies will result in commercially viable technological processes.

Our business will suffer if we are unable to attract and retain key personnel and skilled employees.

We depend on the services of our key senior executives, including Paul Walker, Philip Woodard, Gary Walker and Derrick D'Andrade. Our business also depends on our ability to continue to recruit, train and retain skilled employees, particularly executive management, engineering and sales personnel. Recruiting personnel in

our industry is highly competitive. In addition, our ability to successfully implement our business plan depends in part on our ability to retain key management and existing employees. There can be no assurance that we will be able to retain our executive officers and key personnel or attract qualified management in the future. In connection with our restructuring, we significantly reduced our workforce. If we receive a significant volume of new orders, we may have difficulty recruiting skilled workers back into our workforce to respond to such orders and accordingly may experience delays that could adversely effect our ability to meet customers' delivery schedules.

Risks particular to our international operations could adversely affect our overall results.

Our success will depend, among other things, on successful expansion into new foreign markets in order to offer our customers lower cost production options. Entry into new foreign markets may require considerable management time as well as start-up expenses for market development, hiring and establishing office facilities before any significant revenue is generated. As a result, operations in a new foreign market may operate at low profit margins or may be unprofitable.

Revenue generated outside of the United States and Canada was approximately 11.3% in 2001. International operations are subject to inherent risks, including:

- fluctuations in the value of currencies and high levels of inflation;
- longer payment cycles and greater difficulty in collecting amounts receivable;
- unexpected changes in and the burdens and costs of compliance with a variety of foreign laws;
- political and economic instability;
- increases in duties and taxation;
- inability to utilize net operating losses incurred by our foreign operations to reduce our U.S. and Canadian income taxes;
- imposition of restrictions on currency conversion or the transfer of funds;
- trade restrictions; and
- dependence on key customers.

We are subject to a variety of environmental laws, which expose us to potential financial liability.

Our operations are regulated under a number of federal, state, provincial, local and foreign environmental and safety laws and regulations, which govern, among other things, the discharge of hazardous materials into the air and water as well as the handling, storage and disposal of such materials. Compliance with these environmental laws is a major consideration for us because we use metals and other hazardous materials in our manufacturing processes. We may be liable under environmental laws for the cost of cleaning up properties we own or operate if they are or become contaminated by the release of hazardous materials, regardless of whether we caused such release. In addition we, along with any other person who arranges for the disposal of our wastes, may be liable for costs associated with an investigation and remediation of sites at which we have arranged for the disposal of hazardous wastes, if such sites become contaminated, even if we fully comply with applicable environmental laws. In the event of a contamination or violation of environmental laws, we could be held liable for damages including fines, penalties and the costs of remedial actions and could also be subject to revocation of our discharge permits. Any such revocations could require us to cease or limit production at one or more of our facilities, thereby having a material adverse effect on our operations. Environmental laws could also become more stringent over time, imposing greater compliance costs and increasing risks and penalties associated with any violation, which could have a material adverse effect on our business, financial condition and results of operations.

RISKS RELATED TO OUR CAPITAL STRUCTURE

Our indebtedness could adversely affect our financial health and severely limit our ability to plan for or respond to changes in our business.

At September 29, 2002, we had $90.2 million of indebtedness under our senior credit facility. This debt could have adverse consequences for our business, including:

- We will be more vulnerable to adverse general economic conditions;
- We will be required to dedicate a substantial portion of our cash flow from operations to repayment of debt, limiting the availability of cash for other purposes;
- We may have difficulty obtaining financing in the future for working capital, capital expenditures, acquisitions, general corporate purposes or other purposes;

- We may have limited flexibility in planning for, or reacting to, changes in our business and industry;

- We could be limited by financial and other restrictive covenants in our credit arrangements in our borrowing of additional funds; and

- We may fail to comply with the covenants under which we borrowed our indebtedness which could result in an event of default. If an event of default occurs and is not cured or waived, it could result in all amounts outstanding, together with accrued interest, becoming immediately due and payable. If we were unable to repay such amounts, the lenders could proceed against any collateral granted to them to secure that indebtedness.

There can be no assurance that our leverage and such restrictions will not materially adversely affect our ability to finance our future operations or capital needs or to engage in other business activities. In addition, our ability to pay principal and interest on our indebtedness to meet our financial and restrictive covenants and to satisfy our other debt obligations will depend upon our future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, certain of which are beyond our control, as well as the availability of revolving credit borrowings under our senior credit facility or successor facilities.

Effective January 1, 2003, the Company reverts back to the financial covenants under the original credit agreement and at that time it is unlikely the Company will have earned sufficient EBITDA (earnings before interest expense, income taxes, depreciation and amortization), using a twelve month trailing formula, to satisfy the requirements of the agreement. In the event of non-compliance, the Company's lenders have the ability to demand repayment of the outstanding amounts under the credit facility. The Company has maintained a positive working relationship with its lending group and has received a proposed term sheet under which the lending group would revise the covenants that apply for the period from December 31, 2002 through June 30, 2004 to correspond to the Company's current business plan. There can be no assurance that the Company and its lenders will agree to revise the Company's credit agreement covenants.

The terms of our credit agreement impose significant restrictions on our ability to operate.

The terms of our current credit agreement restrict, among other things, our ability to incur additional indebtedness, complete acquisitions, pay dividends or make certain other restricted payments, consummate certain asset sales, enter into certain transactions with affiliates, merge, consolidate or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of our assets. We are also required to maintain specified financial ratios and satisfy certain monthly and quarterly financial condition tests, which further restrict our ability to operate as we choose. As at September 30, 2001, we were in violation of financial covenants contained in our credit agreement. Such violation was waived and the credit agreement was amended to provide financial covenants consistent with our current revenues and our forecast for 2002. Effective January 1, 2003, the Company reverts back to the financial covenants under the original credit agreement and at that time it is unlikely the Company will have earned sufficient EBITDA (earnings before interest expense, income taxes, depreciation and amortization), using a twelve month trailing formula, to satisfy the requirements of the

agreement. In the event of non-compliance, the Company's lenders have the ability to demand repayment of the outstanding amounts under the credit facility. The Company has maintained a positive working relationship with its lending group and has received a proposed term sheet under which the lending group would revise the covenants that apply for the period from December 31, 2002 through June 30, 2004 to correspond to the Company's current business plan. There can be no assurance that the Company and its lenders will agree to revise the Company's credit agreement covenants. As a result of our past non-compliance, customers may lose confidence in us and reduce or eliminate their orders with us, which may have a material adverse effect on our business, financial condition and results of operations.

Substantially all of our assets and those of our subsidiaries are pledged as security under our senior credit facility.

Investment funds affiliated with Bain Capital, LLC, investment funds affiliated with Celerity Partners, Inc., Kilmer Electronics Group Limited and certain members of management have significant influence over our business, and could delay, deter or prevent a change of control or other business combination.

Investment funds affiliated with Bain Capital, LLC, investment funds affiliated with Celerity Partners, Inc., Kilmer Electronics Group Limited and certain members of management held approximately 13.4%, 12.1%, 7.1% and 16.7%,

respectively, of our outstanding shares as of September 29, 2002. In addition, two of the nine directors who serve on our board are representatives of the Bain funds, two are representatives of the Celerity funds, one is a representative of Kilmer Electronics Group Limited and two are members of management. By virtue of such stock ownership and board representation, the Bain funds, the Celerity funds, Kilmer Electronics Group Limited and certain members of management have a significant influence over all matters submitted to our stockholders, including the election of our directors, and exercise significant control over our business policies and affairs. Such concentration of voting power could have the effect of delaying, deterring or preventing a change of control or other business combination that might otherwise be beneficial to our stockholders.

SMTC's Common Stock May Be Delisted From The Nasdaq National Market.

SMTC has received a notification from Nasdaq Listing Qualifications that its common stock has failed to maintain the minimum bid price of $1.00 per share over a period of 30 consecutive trading days, as required by Nasdaq's Marketplace Rules. Nasdaq has provided SMTC with a grace period of 90 calendar days, or until February 3, 2003, to regain compliance with this requirement or be delisted from trading on The Nasdaq National Market. We intend to monitor the bid price for our common stock between the date of this report and February 3, 2003. If the stock does not trade at a level that is likely to regain compliance, our Board of Directors will consider other options available to regain compliance. Our failure to comply with Nasdaq's Marketplace Rules or promptly to cure this noncompliance or any other noncompliance with such Rules could result in our common stock being delisted, and the liquidity of our stock could be materially impaired.

Provisions in our charter documents and state law may make it harder for others to obtain control of us even though some stockholders might consider such a development favorable.

Provisions in our charter, by-laws and certain provisions under Delaware law may have the effect of delaying or preventing a change of control or changes in our management that stockholders consider favorable or beneficial. If a change of control or change in management is delayed or prevented, the market price of our shares could suffer.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

INTEREST RATE RISK

Our senior credit facility bears interest at a floating rate. The weighted average interest rate on our senior credit facility for the quarter ended September 29, 2002 was 7.2%. Our debt of $90.2 million bore interest at 7.3% on September 29, 2002 based on the U.S. base rate. If the U.S. base rate increased by 10% our interest rate would have risen to 7.7% and our interest expense would have increased by approximately $0.1 million for the third quarter of 2002.

FOREIGN CURRENCY EXCHANGE RISK

Most of our sales and purchases are denominated in U.S. dollars, and as a result we have relatively little exposure to foreign currency exchange risk with respect to sales made.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures. The Company's Chief Executive Officer and Chief Financial Officer have conducted an evaluation of the Company's disclosure controls and procedures as of a date within 90 days of filing this quarterly report. Based on their evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the applicable Securities and Exchange Commission rules and forms.

(b) Changes in Internal Controls and Procedures. There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of the most recent evaluation of these controls by the Company's Chief Executive Officer and Chief Financial Officer.

PART II OTHER INFORMATION

ITEM 5. OTHER INFORMATION.

Accompanying this Quarterly Report on Form 10-Q are the certificates of the Chief Executive Officer and Chief Financial Officer required by Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, copies of which are furnished as exhibits to this report.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) List of Exhibits:

99.1 Certification of Paul Walker, pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated November 13, 2002.

99.2 Certification of Frank Burke, pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated November 13, 2002.

(b) Reports on Form 8-K: None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, SMTC Corporation has duly caused this report to be signed on its behalf by the undersigned thereto duly authorized.

SMTC CORPORATION

By: /s/ Paul Walker

Name: Paul Walker
Title: President and CEO

By: /s/ Frank Burke

Name: Frank Burke
Title: Chief Financial Officer

Date: November 13, 2002

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Paul Walker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SMTC Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation

as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 13, 2002

/s/ Paul Walker

Paul Walker
Chief Executive Officer

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Frank Burke, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SMTC Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls

subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 13, 2002

/s/ Frank Burke

Frank Burke
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Document
99.1	Certification of Paul Walker, pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated November 13, 2002.
99.2	Certification of Frank Burke, pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated November 13, 2002.

EXHIBIT 99.1

CERTIFICATION PURSUANT TO
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as chief executive officer of SMTC Corporation (the "Company"), does hereby certify that to the undersigned's knowledge:

1) the Company's quarterly report on Form 10-Q for the quarter ended September 29, 2002 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the Company's quarterly report on Form 10-Q for the quarter ended September 29, 2002 fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Paul Walker

Paul Walker
President and Chief Executive Officer

Dated: November 13, 2002

EXHIBIT 99.2

CERTIFICATION PURSUANT TO
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as chief financial officer of SMTC Corporation (the "Company"), does hereby certify that to the undersigned's knowledge:

3) the Company's quarterly report on Form 10-Q for the quarter ended September 29, 2002 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

4) the information contained in the Company's quarterly report on Form 10-Q for the quarter ended September 29, 2002 fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Frank Burke

Frank Burke
Chief Financial Officer

Dated: November 13, 2002